

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**

Prepared by the
Finance Department
Jack Bachhuber, Finance Director

**CITY OF WAVERLY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007
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PROFILE OF THE CITY OF WAVERLY

The City of Waverly was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Bremer County along the Cedar River in northeast Iowa, about 15 miles north of the Waterloo-Cedar Falls metropolitan area. Highways serving the area include State Highway 3 and U.S. Highway 218 that is connected to Interstate Highway 380, Avenue of the Saints. The population of 8,968 is located within an 11.3 square mile incorporated area.

The City of Waverly operates under a Mayor-council form of government. One council member is elected from each of the City's five wards, and two are elected at-large. The City administrator is responsible for the day-to-day management of the City. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

FINANCIAL INFORMATION

The City of Waverly maintains an internal control structure designed to provide reasonable, but not absolute assurance that the assets of the city are protected from loss, theft, or fraud and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The requirement for reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City recognizes the importance of leadership from management in these controls. The City Council has adopted a personnel policy that provides guidance as to certain elements of the internal control structure. The employees are updated on changes to these ethics and personnel policies to stress that internal control is an important element of the public's trust. The City has incorporated the personnel policy in the training of all employees and elected officials.

The foundation of the City's financial planning and control is the annual budget. The budget process includes sessions with staff, management, and the City Council. To ensure compliance with legal budgetary controls, the City Council and management receive monthly reports comparing budgeted amounts to actual expenditures. The City Council may make additional appropriations during the year for unanticipated revenues or capital projects which were not completed in the prior year. Budget-to-actual comparisons by 9 major functions are provided in the Required Supplemental Information section of this report.

Project length budgets are prepared for the various capital project funds. A "Ten Year Capital Improvement Plan" is prepared and reviewed annually with the City Council. This plan defines the long-term capital plan of the City while each specific capital project is appropriated through different revenue streams. The budget document presents function disbursements by fund; however the formal and legal level of budgetary control is at the aggregated function level, not by fund. After adoption, budget adjustments in these functions are authorized by the City Council.

State laws require audits for cities such as Waverly to be conducted by the auditor of state or by certified public accountants. In addition to meeting state requirements, the audit must meet the requirements of the federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996 which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small town atmosphere while being only a 25 minute drive to a large metropolitan area. The last five year census and total building permit values show Waverly growing at an annual rate of .5% and 7% respectively. A Wartburg College building permit accounted for about 47 percent of the value increase. These increases will allow the City to receive future increased intergovernmental revenues.

The City benefits from a prosperous downtown retail area plus other shopping areas on the south and north side of the City. The retail economy is very important to Waverly and has gone through a period of expansion. Waverly is the home of Wartburg College, a private four-year college. Wartburg continues to expand its campus with major additions to the student union, science center, and dormitory facilities. Beginning last year Wartburg began construction of a \$31 million Wartburg-Waverly Sports and Wellness Center, with a completion date set for January 1, 2008. This addition will allow for the accommodation of the growing student population, and provide a regional wellness facility for the area. The college currently has a record enrollment of over 1,800 full-time students.

The City of Waverly is a growing manufacturing, retailing, educational and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 542 employees, Wartburg College with 320 employees, Terex Cranes, Inc. with 273 employees, Nestle Beverage, food products, with 255 employees, Waverly Shell-Rock Schools, with 235 employees, and Waverly Health Center with 158 employees. Waverly Health Center also recently completed a multi-million dollar addition to their campus facility, and the Waverly Shell-Rock School has finished a new gymnasium and auditorium.

Sales and use tax showed an increase of 10 percent compared to the 2005-2006 fiscal year, and the number of businesses reporting sales tax increased 4.6% over the same time period. The significant increase in sales demonstrates a sound economy, as a new super center opened last year which produced additional tax and economic revenue. Projections for next year include the construction of several new businesses in the proximity of the super center, along with a large retail business development in the downtown area. In July 2003 the City of Waverly started collecting local option sales tax which will allow the city fund specific projects related to safety and infrastructure, without raising property taxes. The revenue stream will amount to more than \$600,000 a year. A new \$3.5M fire station was completed this year which will include a \$1M articulating boom fire truck. Future projects for these funds include various street improvements.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's June 2007, unemployment rate of 3.7% compares favorably to the State's rate of 3.8% for the same period. The tax base for the City is showing favorable increases. At an average increase of 3.3% a year since 1998, growth in the City's taxable valuation has been excellent compared to other cities of similar size. Assessed valuations for the same period increased at a rate of 7.1%, but the state's residential rollback continues to affect the taxing ability of cities. The state rollback affected taxable valuation again this year. The 2007 FY rollback was 45.9960 percent compared to 47.9642 percent in FY 2006. However, assessed valuation for the same period increased 17% which allowed for additional tax revenue. Detail figures are provided in the statistical section.

Long-term Financial Planning. The City of Waverly operates with a cash and investment pool concept, whereby funds not individually invested to the credit of a particular fund are invested to the credit of the General Fund. This is consistent with state law, which provides that with the exception of bond covenants and local ordinances that require investments by fund, investments can be pooled and invested to the credit of the General Fund.

It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

The City may invest in any of the securities identified as eligible investments defined in the City of Waverly Investment Policy. In general these consist of interest bearing savings accounts, certificates of deposits, United States Treasury Notes and Bonds, Iowa Public Agency Investment Trust, and government sponsored securities.

The certificate of deposit annual interest rate averaged 5.27% compared to 4.25% last year. The return of Iowa Public Agency Investment Trust averaged 4.92% compared to 3.70% last year. These are two major investment areas, and the increased rate of return added an additional \$395,938 to our investment revenue, compared to last year. At June 30, 2007 the city's investment position for all funds totaled \$8,193,066 compared to \$7,413,616 in 2006.

Risk Management. The City also manages a fully insured dental and vision plan for its employees via a risk-retention plan administered by a third party administrator. Costs of the programs include medical benefits, administration fees, and premiums. On January 1, 2007 the city moved from a partial self insured health insurance plan with a \$25,000 stop loss, to a fully insured plan with Wellmark, with a high deductible of \$5,000/\$10,000. The City covers the difference between the high deductible and our contracted \$250/\$500 deductible. The State of Iowa considers this a mini self-insurance plan, and still requires an actuarial report. An annual actuarial study provides analysis and information to help the City comply with local and state requirements. The City continues to analyze the insurance market, and educate employees to control rising health care costs. In the FY 2007-2008 the City is initiating a partial wellness reimbursement program for memberships to the Wartburg Waverly Sports & Wellness Center. The City of Waverly is committed to empowering and educating employees in areas of health concerns.

The City is also exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in the excess of coverage limitations.

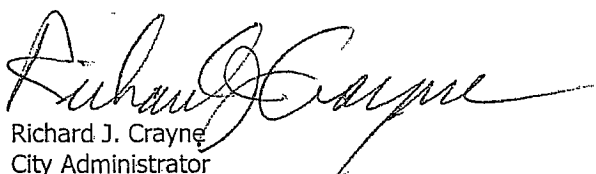
Pension Benefits. All permanent City employees are covered by one of two pension plans. Most uniformed employees are included in the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, defined benefit plan, administered by a Board of Trustees appointed by the State of Iowa. All other eligible City employees are covered by the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, defined benefit plan administered by the State of Iowa.

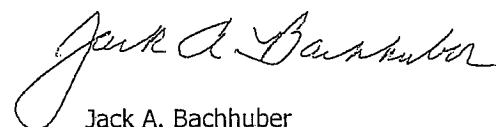
The City of Waverly does not provide no-cost postretirement health, dental, or vision care benefits for any retirees, but does follow State law requirements for retired municipal employees.

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2006. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2007 annual financial report to GFOA for review to determine its eligibility for an award.

The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in a responsible and progressive manner.

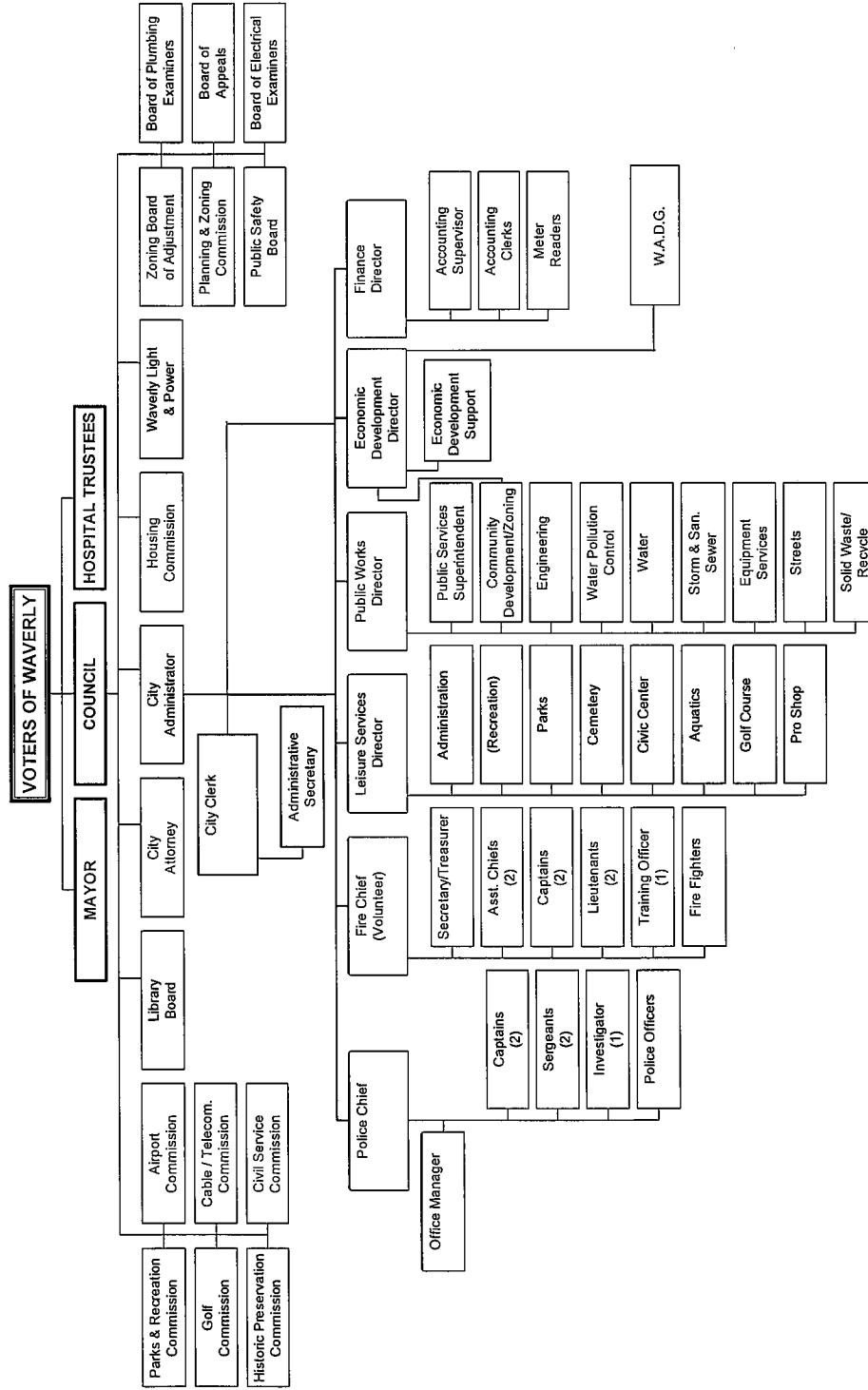
Respectfully submitted,


Richard J. Crayne
City Administrator


Jack A. Bachhuber
Director of Finance

Organizational Flow Chart

The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

**List of Principal Officials
June 30, 2007**

ELECTED OFFICIALS

MayorIvan Ackerman
Council Member – Ward 1Eugene Lieb
Council Member – Ward 2 Gary Grace
Council Member – Ward 3 Cyndi Ecker
Council Member – Ward 4 Connie Rasmussen
Council Member – Ward 5 Fred Ribich
Council Member – At Large Gary Boorum
Council Member – At LargeDuane Liddle

APPOINTED OFFICIALS

City Administrator/ClerkRichard J. Crayne
Deputy City Clerk JoEllen Raap
Attorney..... Gerald B. Carney
Director of FinanceJack Bachhuber
City Engineer/Director of Public WorksMichael Cherry
Police Chief..... Richard Pursell
Director of Parks and Recreation..... Tabor Ray
Fire Chief Dan McKenzie
Library DirectorSarah Meyer-Reyerson

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waverly
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Enen

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa, (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We did not audit the financial statements of Waverly Health Center and Waverly Light and Power (discretely presented component units), which statements reflect total assets of \$39,338,508 and \$40,921,071 as of June 30, 2007 and December 31, 2006, respectively, and total operating revenues of \$33,233,894 and \$10,398,484 for the years then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Waverly Health Center and Waverly Light and Power, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the

Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2007, on our consideration of the City of Waverly's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Waverly, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 24, 2007

CITY OF WAVERLY, IOWA

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2007 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

- The assets of the City of Waverly exceeded liabilities at June 30, 2007, by \$38,114,930. Of this amount, \$7,206,919 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net assets increased by \$4,001,013 during the year. Of this amount the assets of our Governmental Activities increased \$3,467,317 and the assets of our Business Activities increased \$533,696.
- The City's long-term debt decreased approximately \$1,570,000. The City did not issue any general obligation bonds this year and through annual payments was able to decrease this total. Outstanding general obligation debt totals \$14,845,000 and other notes payable total \$292,763.
- The unreserved fund balance for the general fund, at the end of the current fiscal year was \$2,688,512. This represents 60 percent of total general fund expenditures. This high percentage is due to a sale of land in fiscal 2007, the funds which will be used for a future project.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waverly's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waverly's finances, in a manner similar to a private-sector business. The *statement of net assets* is essentially a balance sheet that combines all funds on a government-wide basis. Changes in net assets over time may be an indicator of whether the City's financial position is improving or worsening.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event occurs, giving rise to the change regardless of the timing of the related cash flows. Thus,

revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Waverly that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waverly include general government, public safety, public works, economic development, and culture and recreation. The business-type activities of the City include a water, sewer, and solid waste utility.

The government-wide financial statement includes not only the City of Waverly itself (*the primary government*), but also the legally separate Waverly Health Center and Waverly, Light, & Power (*component units*), for which the City has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on page 22-24, of this report.

Reporting the City's Most Significant Funds

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waverly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waverly maintains 37 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the city's full report.

The basic governmental fund financial statements can be found on page 25-30 of this report.

Proprietary funds. The City of Waverly maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Solid Waste Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the partially self-insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Solid Waste Utility as all are considered, or have been designated to be major funds of the City. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on page 31-37 of this report.

Reporting the City's Fiduciary Responsibilities

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties external to the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Waverly's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements are reported in a separate *statement of fiduciary net assets* and a *statement of changes in fiduciary net assets*.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 39-59, of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment). Less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2007 and 2006.

	General Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 13,209,413	\$ 14,023,533	\$ 2,335,759	\$ 2,330,191	\$ 15,545,172	\$ 16,353,724
Capital Assets	32,615,460	29,402,143	13,371,170	13,447,745	45,986,630	42,849,888
Total Assets	45,824,873	43,425,676	15,706,929	15,777,936	61,531,802	59,203,612
Long-Term Liabilities Outstanding	12,875,282	11,323,240	2,405,086	2,909,828	15,280,368	14,233,068
Other Liabilities	7,465,763	10,085,925	670,741	770,702	8,136,504	10,856,627
Total Liabilities	\$ 20,341,045	\$ 21,409,165	\$ 3,075,827	\$ 3,680,530	\$ 23,416,872	\$ 25,089,695
Net Assets:						
Invested in Capital Assets, Net of Related Debt	18,880,181	13,874,528	10,825,782	10,367,357	29,705,963	23,876,885
Restricted	907,320	451,600	294,728	268,943	1,202,048	964,312
Unrestricted	5,696,327	7,690,383	1,510,592	1,461,106	7,206,919	9,354,639
Total Net Assets	\$ 25,483,828	\$ 22,016,511	\$ 12,631,102	\$ 12,097,406	\$ 38,114,930	\$ 34,113,917

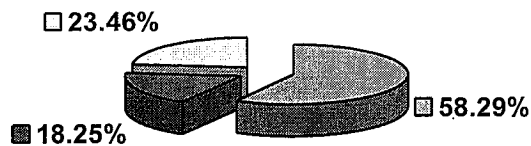
This summary reflects an increase of 15.8% for the governmental net assets and an increase of 4.4% in the business-type net assets.

Total revenue reported in Fiscal year 2007 was \$14,942,606. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2007 and 2006.

Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	\$ 1,079,023	\$ 1,170,175	\$ 3,328,293	\$ 3,079,909	\$ 4,407,316	\$ 4,250,084
Operating Grants and Contributions	1,380,110	1,102,485	-	-	1,380,110	1,102,485
Capital Grants and Contributions	1,404,076	23,000	369,790	77,109	1,773,866	100,109
Total Program Revenues	3,863,209	2,295,660	3,698,083	3,157,018	7,561,292	5,452,678
General Revenues & Interfund Transfers:						
Property Taxes	\$ 4,955,605	\$ 4,334,791	\$ -	\$ -	\$ 4,955,605	\$ 4,334,791
Local Option Sales Tax	708,172	619,941	-	-	708,172	619,941
Hotel / Motel Taxes	144,854	143,631	-	-	144,854	143,631
Interest	283,245	223,744	103,118	101,656	386,363	325,400
General Intergovernmental Revenues	169,440	635,103	-	-	169,440	635,103
Gain(Loss) on Sale of Assets	910,094	-	-	-	910,094	-
Miscellaneous	53,029	156,570	53,757	68,474	106,786	225,044
Total General Revenues before Interfund Transfers	7,224,439	6,113,780	156,875	170,130	7,381,314	6,283,910
Interfund Transfers	194,469	182,846	(194,469)	(182,846)	-	-
Total General Revenues & Interfund Transfers	7,418,908	6,296,626	(37,594)	(12,716)	7,381,314	6,283,910
Total Revenues & Interfund Transfers						
	\$ 11,282,117	\$ 8,592,286	\$ 3,660,489	\$ 3,144,302	\$14,942,606	\$11,736,588

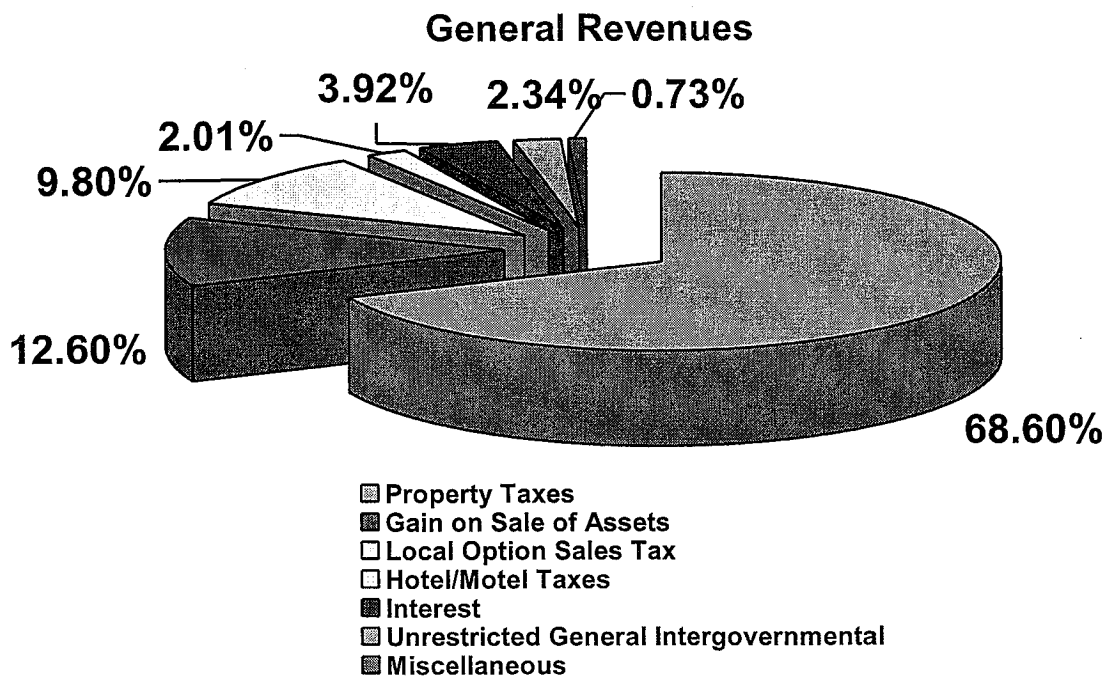
Program revenues totaled \$7,561,292 for fiscal year 2007. Governmental Activities provided \$3,863,209 and Business-Type Activities provided \$3,698,083. Revenue collected for Charges for Services during fiscal year 2007 was \$4,407,316 accounting for 59% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



- Charges for Service
- Operating Grants and Contributions
- Capital Grants and Contributions

General Revenues for fiscal year 2007 totaled \$7,381,314. Governmental Activities provided \$7,418,908 and Business-Type Activities provided \$(37,594). Property Tax Revenues for fiscal year 2007 totaled \$4,955,605, accounting for 67% of General Revenues. The following chart breaks down General Revenues by source:



Expenditures for fiscal year 2007 totaled \$10,941,593. Expenditures for General Governmental Activities totaled \$7,814,800, accounting for 71.4% of the total expenditures. Business-Type Activity expenditures totaled \$3,126,793, for 28.6% of the total.

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Public Safety	\$ 1,594,179	\$ 1,702,173	\$ -	\$ -	\$ 1,594,179	\$ 1,702,173
Public Works	2,583,298	2,229,068	-	-	2,583,298	2,229,068
Health & Social Services	40,492	4,470	-	-	40,492	4,470
Culture and Recreation	2,008,138	1,940,735	-	-	2,008,138	1,940,735
Community and Economic Development	323,131	260,829	-	-	323,131	260,829
General Government	636,525	337,530	-	-	636,525	337,530
Debt Service	629,037	677,574	-	-	629,037	677,574
Capital Projects	-	124,404	-	-	-	124,404
Water System	-	-	992,197	935,603	992,197	935,603
Sewer System	-	-	1,340,567	1,363,527	1,340,567	1,363,527
Solid Waste	-	-	794,029	787,681	794,029	787,681
Total Expenses	\$ 7,814,800	\$ 7,276,783	\$ 3,126,793	\$ 3,086,811	\$ 10,941,593	\$ 10,363,594

The following table shows the activities included within each program level:

Public Safety.....	Individual & Community Protection, Physical Health
Public Works.....	Roadway Construction, Airport Operations, General Streets, Transportation Services
Culture and Recreation.....	Education & Culture, Leisure Time Opportunities
Community and Economic Development.....	Economic Development & Community Beautification
General government.....	Administration, Accounting, Support Services
Debt Service.....	Payment of Interest
Capital Projects.....	Construction of Capital Facilities
Water System.....	Operation of Water Supply Distribution System
Sewer System.....	Operation of Waste Water Treatment Plant/Collection System
Solid Waste System.....	Operation of Garbage and Recycling Collection and Disposal System

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$1,594,179 and

received \$267,845 in revenue, leaving a cost to the taxpayer of \$1,326,334 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety.....	Fines, Fees
Public Works.....	Road Use Tax, State Agreements
Culture and Recreation.....	Fees, State Aid
General government.....	Licenses, Permits, Utility Reimbursement
Capital Projects.....	Donations, State & Federal Grants

The total cost of governmental activities this year was \$7,814,800. Of these costs, \$1,079,023 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$2,784,186, leaving a Net Expense of \$3,951,591 for Governmental Activities. These expenses were covered with tax revenues, interest, and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2007	2006
Governmental Activities:		
Public Safety	\$ (1,326,334)	\$ (1,469,368)
Public Works	(270,029)	(1,151,430)
Health & Social Services	(6,980)	(4,470)
Culture and Recreation	(1,186,364)	(1,231,670)
Community and Economic Development	(145,248)	(260,829)
General Government	(387,599)	(61,738)
Debt Service	(629,037)	(677,574)
Capital Projects	-	(124,404)
Total Net (Expense) Revenue		
Governmental Activities	(3,951,591)	(4,981,123)
General Revenues	7,224,439	6,113,780
Change in Net Assets before Transfers	3,272,848	1,132,657
Transfers	194,469	182,846
Change in Net Assets	\$ 3,467,317	\$ 1,315,503

Total resources available during the year to finance governmental operations were \$33,298,628, consisting of Net Assets at July 1, 2006 of \$22,016,511, Program Revenues of \$3,863,209, and General Revenues of \$7,418,908. Total Governmental Activities during the year expended \$7,814,800; thus, Net Assets were increased by \$3,467,317, to \$25,483,828.

Business-Type Activities

Business-Type Activities increased the City's net assets by \$533,696, accounting for 13.3% of the growth in the City's net assets.

The cost of all Proprietary Activities this year was \$3,126,793. As shown in the Statement of Activities, the amount paid by users of the systems was \$3,328,293, and \$369,790 by grants and contributions, resulting in total Net Revenue for Business-Type Activities of \$571,290. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2007	2006
Water System	\$241,297	\$13,396
Sewer System	285,375	16,105
Solid Waste System	44,618	40,706
Total Net (Expense) Revenue		
Business-Type Activities	571,290	70,207
General Revenues & Interfund Transfers	(37,594)	(12,716)
Change in Net Assets	<u>\$533,696</u>	<u>\$57,491</u>

Total resources available during the year to finance proprietary Fund activities were \$15,757,895, consisting of Net Assets at July 1, 2006 as restated, of \$12,097,406; program Revenues of \$3,698,083, General Revenues of \$(37,594), Total Proprietary Fund Activities during the year expended \$3,126,793, thus Net Assets were increased by \$451,711, to \$12,631,102.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$6,769,093. The combined Governmental Funds balance decreased \$1,096,196, as a result of the completion of the fire station project.

The General Fund is the primary operating fund of the City. During the year, revenue and other financing uses exceeded expenditures and other financing sources in the General Fund by \$1,174,370. The fund balance of \$2,754,147 is 60% of expenditures which is above the goal of 25%. The Tax Increment Financing and Debt Service Funds saw very minimal changes during the year maintaining a fund balance consistent with recent years. The General Fund net assets increased \$1,320,616 primarily as a result of the sale of golf course land and proceeds from debt financing. The Fire Station fund net assets decreased \$2,620,339 as a result of the completion of the project as noted above.

Budgetary Highlights

The following table shows the General budget variances by program structure:

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 1,782,665	\$ 1,489,427	\$ 293,238
Public Works	1,258,344	1,138,537	119,807
Health & Social Services	15,650	19,297	(3,647)
Culture and Recreation	2,239,471	2,115,099	124,372
Community and Economic Development	171,299	208,167	(36,868)
General Government	714,854	706,813	8,041
Debt Service	2,273,973	2,073,900	200,073
Capital Projects	5,467,275	4,100,873	1,366,402
Business Type/Enterprise	3,274,592	3,280,025	(5,433)
Total Expenditures	\$ 17,198,123	\$ 15,132,138	\$2,065,985

Below is a brief recap of budget activity for the year:

- The total original revenue budget of \$12,381,622 was increased to \$13,463,160 (an increase of \$1,081,538). This increase can mostly be attributed to the sale of land.
- A large federal grant for fire equipment for \$197,000 was most of the increase in intergovernmental revenue.
- Rate of interest on investments exceeded budget figures by \$58,716 due to the increase within the market.
- The total original expenditure budget of \$15,832,631 was increased to \$17,198,123 (an increase of \$1,365,492).
- The above amendments to budgets were mainly related to the timing of capital projects. Expenditures for previously not budgeted street, bridge, and building projects accounted for the majority of the increase. Actual expenditures came in below budget projections by \$2,065,985. This change was again related to the projected completion of projects which will carry over to FY 2008. The City did very well this year controlling expenses based on original budget projections. Finally, the Business Type/Enterprise function was mostly unaffected by changes and only exceeded budget projections by \$5,433.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2007 was \$28,705,963 (net of accumulated depreciation and outstanding financings). This is an increase of \$5,464,078 from fiscal 2006. The gross additions to capital assets for Fiscal 2007 and 2006 are as follows:

	General Governmental		Business Type			
	Activities		Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$ 8,750	\$ -	\$ -	\$ -	\$ 8,750	\$ -
Construction in Progress	3,102,576	1,663,038	181,810	450,167	3,284,386	2,113,205
Buildings and Improvements	226,379	18,406	578,805	-	805,184	18,406
Equipment	440,117	264,249	62,178	75,205	502,295	339,454
Infrastructure	1,249,544	1,394,480	496,077	378,627	1,745,621	1,773,107
	\$ 5,027,366	\$ 3,340,173	\$ 1,318,870	\$ 903,999	\$ 6,346,236	\$ 4,244,172

Additional information on the City of Waverly's capital assets can be found in Note 6 on pages 48-51 of this report.

Debt Administration

On June 30, 2007 the City had \$17,112,763 of debt outstanding. This is a decrease of \$1,860,240 from the prior year and shows Waverly's commitment to pay down and control over all debt.

Debt administration is an important aspect of the City's financial obligation to its citizens. Any new debt is amortized over no more than twelve years. At the end of the fiscal year the City's schedule showed that 46% of the existing general obligation debt would be paid off in five years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has allowed the City to maintain an A1 rating from Moody's.

The City continues to operate will under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity and \$25,194,381 at the end of the 2007 fiscal year. With outstanding General Obligation Debt applicable to this limit of 15,375,158 the City is at 61% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Waverly continues to report strong residential and commercial building projects. Last year the City had 22 new single family permits, which is below last year, but still strong for Waverly given the recent housing market. New commercial building permits have averaged slightly over seven a year over the past five years. Property tax is a major source of revenue and Waverly is fortunate that it has seen minor, but consistent increases in assessed and taxable valuation.

This steady growth has allowed the City to maintain its high level of service. The City has budgeted for use of General Fund balance during the past years, but has projected a balanced budget for the next three years. The General Fund balance continues to remain solid at 60% of expenditures, with a net around 40% when the sale of asset funds is used to restructure the golf course.

Requests for Information

This financial report is designed to provide a general overview of the City of Waverly's financial position for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Waverly, Accounting Department, 200 First Street NE, P.O. Box 616, Waverly, Iowa 50677.

CITY OF WAVERLY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Component Unit	
	Governmental	Business-Type		Waverly	Waverly Light
	Activities	Activities	Total	Health Center	and Power
ASSETS					
Cash and Cash Equivalents	\$ 4,057,386	\$ 920,845	\$ 4,978,231	\$ 2,768,522	\$ 1,366,393
Investments	2,466,718	407,391	2,874,109	2,072,415	230,913
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	67,720	153,777	221,497	5,678,137	1,180,254
Taxes	29,916	-	29,916	-	-
Subsequent Year Taxes	5,234,989	-	5,234,989	-	-
Accrued Interest	31,370	9,001	40,371	24,972	-
Other	-	20,836	20,836	69,910	-
Estimated Unbilled Usage	-	98,550	98,550	-	-
Special Assessments	72,512	200,833	273,345	-	-
Internal Balances	385,067	(385,067)	-	-	-
Due from Other Governmental Agencies	373,806	-	373,806	-	-
Inventories	65,635	89,126	154,761	624,675	752,142
Prepaid Assets	129,042	59,793	188,835	581,266	45,132
Other	-	-	-	-	2,038,490
Restricted Assets:					
Cash and Cash Equivalents	-	367,500	367,500	183,902	-
Investments	-	314,731	314,731	1,716,656	7,595,773
Accrued Interest Receivable	-	-	-	-	-
Bond Issue Costs	260,961	78,443	339,404	410,130	34,246
Investment in Joint Venture	34,291	-	34,291	-	-
Land	1,833,633	19,191	1,852,824	1,947,993	515,870
Construction in Progress	3,849,947	-	3,849,947	-	4,325,212
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	26,931,880	13,351,979	40,283,859	23,259,930	22,836,646
Total Assets	45,824,873	15,706,929	61,531,802	39,338,508	40,921,071
LIABILITIES					
Accounts Payable	455,995	38,736	494,731	866,316	462,988
Accrued Wages	131,345	23,854	155,199	1,063,375	881,588
Other Accrued Expenses	-	-	-	326,760	138,583
Customer Deposits	-	28,241	28,241	-	-
Estimated Third-Party Payor Settlements	-	-	-	500,000	-
Claims Incurred But Not Reported	48,550	-	48,550	-	-
Deferred Revenue - Subsequent Year Taxes	5,234,989	-	5,234,989	-	-
Accrued Interest Payable	51,578	2,860	54,438	60,876	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	7,503	7,503	-	20,161
Revenue Bonds - Current	-	380,000	380,000	-	775,000
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	-	-	985,000	-
General Obligation Bonds	1,350,000	160,000	1,510,000	-	-
Notes Payable	54,578	-	54,578	345,167	25,000
Compensated Absences and Benefits	138,728	29,547	168,275	-	-
Due in more than one year:					
Revenue Bonds Payable	-	1,595,000	1,595,000	14,245,000	5,237,260
General Obligation Bonds	12,544,612	790,388	13,335,000	-	-
Notes Payable	238,185	-	238,185	1,248,508	1,850,000
Compensated Absences and Benefits	92,485	19,698	112,183	-	-
Total Liabilities	20,341,045	3,075,827	23,416,872	19,641,002	9,390,580
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	18,880,181	10,825,782	29,705,963	8,384,248	21,699,714
Restricted for:					
Debt Service	3,790	294,728	298,518	2,021,126	1,225,673
Capital Projects	452,096	-	452,096	-	-
Endowments:					
Nonexpendable	451,434	-	451,434	-	-
Unrestricted	5,696,327	1,510,592	7,206,919	9,292,132	8,605,104
Total Net Assets	\$ 25,483,828	\$ 12,631,102	\$ 38,114,930	\$ 19,697,506	\$ 31,530,491

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,594,179	\$ 66,869	\$ 26,613	\$ 174,363
Public Works	2,583,298	94,986	1,063,570	1,154,713
Health and Social Services	40,492	-	33,512	-
Culture and Recreation	2,008,138	668,242	78,532	75,000
Community and Economic Development	323,131	-	177,883	-
General Government	636,525	248,926	-	-
Debt Service	629,037	-	-	-
Total governmental activities	<u>7,814,800</u>	<u>1,079,023</u>	<u>1,380,110</u>	<u>1,404,076</u>
Business-Type Activities:				
Water System	992,197	1,065,811	-	167,683
Sewer System	1,340,567	1,423,835	-	202,107
Solid Waste System	794,029	838,647	-	-
Total Business-Type Activities:	<u>3,126,793</u>	<u>3,328,293</u>	<u>-</u>	<u>369,790</u>
Total Primary Government	<u>\$ 10,941,593</u>	<u>\$ 4,407,316</u>	<u>\$ 1,380,110</u>	<u>\$ 1,773,866</u>
Component Unit:				
Waverly Health Center	<u>\$ 32,602,824</u>	<u>\$ 33,233,894</u>	<u>\$ 2,968</u>	<u>\$ -</u>
Waverly Light and Power	<u>\$ 9,194,554</u>	<u>\$ 10,398,484</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Local Option Sales Tax
Hotel/Motel Taxes
Interest
Unrestricted General Intergovernmental Revenues
Gain on Sale of Assets
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Prior Period Adjustment
Net Assets - beginning, as restated
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Light and Power
\$ (1,326,334)		\$ (1,326,334)		
(270,029)		(270,029)		
(6,980)		(6,980)		
(1,186,364)		(1,186,364)		
(145,248)		(145,248)		
(387,599)		(387,599)		
(629,037)		(629,037)		
<u>(3,951,591)</u>		<u>(3,951,591)</u>		
	\$ 241,297	241,297		
	285,375	285,375		
	44,618	44,618		
	<u>571,290</u>	<u>571,290</u>		
<u>(3,951,591)</u>	<u>571,290</u>	<u>(3,380,301)</u>		
			\$ 634,038	\$ 1,203,930
4,955,605	-	4,955,605	-	-
708,172	-	708,172	-	-
144,854	-	144,854	-	-
283,245	103,118	386,363	258,057	442,988
169,440	-	169,440	-	-
910,094	-	910,094	-	-
53,029	53,757	106,786	-	24,774
194,469	(194,469)	-	-	-
<u>7,418,908</u>	<u>(37,594)</u>	<u>7,381,314</u>	<u>258,057</u>	<u>467,762</u>
3,467,317	533,696	4,001,013	892,095	1,671,692
22,016,511	12,179,325	34,195,836	18,805,411	29,858,799
-	(81,919)	(81,919)	-	-
<u>22,016,511</u>	<u>12,097,406</u>	<u>34,113,917</u>	<u>18,805,411</u>	<u>29,858,799</u>
<u>\$ 25,483,828</u>	<u>\$ 12,631,102</u>	<u>\$ 38,114,930</u>	<u>\$ 19,697,506</u>	<u>\$ 31,530,491</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2007

	General	Debt Service	Tax Increment Financing
Assets			
Cash and Cash Equivalents	\$ 450,180	\$ 100,000	\$ 437,875
Investments	1,566,718	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	54,343	-	-
Taxes	17,506	6,001	136
Subsequent Year Taxes	2,333,597	853,345	844,059
Accrued Interest	20,259	665	-
Special Assessments	-	-	-
Due from Other Funds	681,483	-	-
Due from Other Governmental Agencies	116,403	-	-
Inventories	65,635	-	-
Total Assets	<u>5,306,124</u>	<u>960,011</u>	<u>1,282,070</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	103,549	380	-
Accrued Wages and Compensated Absences	114,831	-	-
Due to Other Funds	-	50,918	-
Deferred Revenue - Subsequent Year Taxes	2,333,597	853,345	844,059
Deferred Revenue	-	-	-
Total Liabilities	<u>2,551,977</u>	<u>904,643</u>	<u>844,059</u>
Fund Balances:			
Reserved for:			
Debt Service	-	55,368	-
Perpetual Care	-	-	-
Inventories	65,635	-	-
Unreserved:			
General Fund	2,688,512	-	-
Special Revenue Funds	-	-	438,011
Capital Project Funds	-	-	-
Total Fund Balances	<u>2,754,147</u>	<u>55,368</u>	<u>438,011</u>
Total Liabilities and Equity	<u>\$ 5,306,124</u>	<u>\$ 960,011</u>	<u>\$ 1,282,070</u>

See Accompanying Notes to Financial Statements

Employee Benefit	Fire Station	Other Governmental Funds	Total Governmental Funds
\$ 25,437	\$ 752,561	\$ 2,160,949	\$ 3,927,002
-	-	900,000	2,466,718
-	-	13,377	67,720
5,567	-	706	29,916
1,028,878	-	175,110	5,234,989
-	85	10,361	31,370
-	-	72,512	72,512
-	-	103,669	785,152
-	-	257,403	373,806
-	-	-	65,635
1,059,882	752,646	3,694,087	13,054,820
52	198,774	153,105	455,860
-	-	16,514	131,345
-	-	349,167	400,085
1,028,878	-	175,110	5,234,989
-	-	63,448	63,448
1,028,930	198,774	757,344	6,285,727
-	-	-	55,368
-	-	456,627	456,627
-	-	-	65,635
-	-	-	2,688,512
30,952	-	1,135,937	1,604,900
-	553,872	1,344,179	1,898,051
30,952	553,872	2,936,743	6,769,093
\$ 1,059,882	\$ 752,646	\$ 3,694,087	\$ 13,054,820

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 26)		\$ 6,769,093
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		32,615,460
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		34,291
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets.		85,483
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		63,448
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		125,258
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(51,578)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		260,961
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(13,894,612)	
Notes Payable	(292,763)	
Compensated Absences	(231,213)	(14,418,588)
		<hr/>
Total Net Assets - Governmental Activities (page 22)		<u><u>\$ 25,483,828</u></u>

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2007

	General	Debt Service	Tax Increment Financing
Revenue:			
Taxes	\$ 2,460,576	\$ 906,917	\$ 828,432
Special Assessments	-	729	-
Licenses and Permits	78,461	-	-
Intergovernmental Revenue	579,838	-	-
Charges for Services	826,422	-	-
Fines and Forfeits	43,692	-	-
Contributions	10,958	-	-
Revenue from Use of Property	49,145	-	-
Interest on Investments	93,201	5,713	3,896
Miscellaneous	41,526	-	3,000
Total Revenue	4,183,819	913,359	835,328
Expenditures:			
Public Safety	1,316,967	-	-
Public Works	409,599	-	-
Health and Social Services	40,492	-	-
Culture and Recreation	2,082,355	-	-
Community and Economic Development	89,561	-	107,287
General Government	634,543	-	-
Capital Projects	-	-	-
Debt Service	-	2,073,735	-
Total Expenditures	4,573,517	2,073,735	107,287
Excess (deficiency) of revenues over expenditures	(389,698)	(1,160,376)	728,041
Other financing sources (uses):			
Proceeds from Debt Financing	124,983	-	-
Proceeds from Sale of Capital Assets	917,908	-	-
Transfers In	611,177	1,197,438	-
Transfers Out	(90,000)	(463)	(475,711)
Total other financing sources (uses)	1,564,068	1,196,975	(475,711)
Net Change in Fund Balance	1,174,370	36,599	252,330
Fund balances - beginning of year	1,579,777	18,769	185,681
Fund balances - end of year	\$ 2,754,147	\$ 55,368	\$ 438,011

See Accompanying Notes to Financial Statements

Employee Benefit	Fire Station	Other Governmental Funds	Total Governmental Funds
\$ 740,016	\$ -	\$ 872,690	\$ 5,808,631
-	-	14,095	14,824
-	-	26,310	104,771
-	-	1,709,927	2,289,765
-	-	-	826,422
-	-	-	43,692
-	-	8,985	19,943
-	-	36,996	86,141
-	77,504	100,918	281,232
-	-	15,561	60,087
740,016	77,504	2,785,482	9,535,508
188,751	-	-	1,505,718
-	-	710,470	1,120,069
-	-	-	40,492
9,103	-	1,400	2,092,858
-	-	14,657	211,505
-	-	74,051	708,594
-	2,697,843	1,418,250	4,116,093
-	-	-	2,073,735
197,854	2,697,843	2,218,828	11,869,064
542,162	(2,620,339)	566,654	(2,333,556)
-	-	-	124,983
-	-	-	917,908
-	-	630,954	2,439,569
(513,708)	-	(1,165,218)	(2,245,100)
(513,708)	-	(534,264)	1,237,360
28,454	(2,620,339)	32,390	(1,096,196)
2,498	3,174,211	2,904,353	7,865,289
\$ 30,952	\$ 553,872	\$ 2,936,743	\$ 6,769,093

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 29)	\$ (1,096,196)
--	----------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 4,079,567	
Contribution & donation of capital assets	648,946	
Depreciation expense	<u>(1,507,382)</u>	3,221,131

Loss on investment in joint venture not recorded at the fund level.	(551)
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Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.

(7,814)

The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.

14,499

Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.

(8,913)

Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

13,838

Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures.

(25,925)

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities.

51,371

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount by which payments exceeded proceeds in the current year is as follows:

Repayments of long-term debt	1,465,223	
Proceeds from issuance of long-term debt	<u>(124,983)</u>	1,340,240

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.

(34,363)

Change in net assets of governmental activities (page 24)	<u><u>\$ 3,467,317</u></u>
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CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
JUNE 30, 2007

	Business Type Activities				Governmental Activities Internal Service
	Water System	Sewer System	Solid Waste	Total	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 400	\$ 472,500	\$ 447,945	\$ 920,845	\$ 130,384
Investments	407,391	-	-	407,391	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	52,211	71,603	29,963	153,777	-
Accrued Interest	2,906	5,235	860	9,001	-
Other	16,405	2,860	1,571	20,836	-
Estimated Unbilled Usage	39,644	58,906	-	98,550	-
Special Assessments	38,742	162,091	-	200,833	-
Due from Other Funds	540	192,870	-	193,410	-
Inventories	45,730	43,396	-	89,126	-
Prepaid Assets	16,378	18,815	24,600	59,793	3,784
Restricted Assets:					
Cash and Cash Equivalents	-	367,500	-	367,500	-
Investments	314,731	-	-	314,731	-
Bond Issue Costs	29,474	48,969	-	78,443	-
Total Current Assets	<u>964,552</u>	<u>1,444,745</u>	<u>504,939</u>	<u>2,914,236</u>	<u>134,168</u>
Non Current Assets					
Land	-	19,191	-	19,191	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>4,508,102</u>	<u>8,543,557</u>	<u>300,320</u>	<u>13,351,979</u>	<u>-</u>
Total Noncurrent Assets	<u>4,508,102</u>	<u>8,562,748</u>	<u>300,320</u>	<u>13,371,170</u>	<u>-</u>
Total Assets	<u>5,472,654</u>	<u>10,007,493</u>	<u>805,259</u>	<u>16,285,406</u>	<u>134,168</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	11,254	11,742	15,740	38,736	135
Accrued Wages	5,903	6,694	11,257	23,854	-
Customer Deposits	28,241	-	-	28,241	-
Due to Other Funds	473,095	105,382	-	578,477	-
Accrued Interest Payable	2,555	305	-	2,860	-
Claims Incurred But Not Reported	-	-	-	-	48,550
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	1,130	6,373	-	7,503	-
Revenue Bonds - Current	140,000	240,000	-	380,000	-
General Obligation Bonds	120,000	40,000	-	160,000	-
Total Current Liabilities	<u>782,178</u>	<u>410,496</u>	<u>26,997</u>	<u>1,219,671</u>	<u>48,685</u>
Noncurrent Liabilities:					
Due within one year:					
Compensated Absences and Benefits	4,753	13,470	11,324	29,547	-
Due in more than one year:					
Revenue Bonds Payable	195,000	1,400,000	-	1,595,000	-
General Obligation Bonds	695,388	95,000	-	790,388	-
Compensated Absences and Benefits	3,169	8,979	7,550	19,698	-
Total Noncurrent Liabilities	<u>898,310</u>	<u>1,517,449</u>	<u>18,874</u>	<u>2,434,633</u>	<u>-</u>
Total Liabilities	<u>1,680,488</u>	<u>1,927,945</u>	<u>45,871</u>	<u>3,654,304</u>	<u>48,685</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	3,497,714	7,027,748	300,320	10,825,782	-
Restricted for:					
Debt Service	173,601	121,127	-	294,728	-
Unrestricted	120,851	930,673	459,068	1,510,592	85,483
Total Net Assets	<u>\$ 3,792,166</u>	<u>\$ 8,079,548</u>	<u>\$ 759,388</u>	<u>\$ 12,631,102</u>	<u>\$ 85,483</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2007

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,019,754	\$ 1,379,717
Miscellaneous	46,057	44,118
Reimbursement from Employees/Insurance	-	-
Total Operating Revenue	<u>1,065,811</u>	<u>1,423,835</u>
Operating Expenses:		
General Government	-	-
Employee Services	240,874	354,424
Contract Services	241,160	293,618
Supplies	99,765	4,597
Repairs and Maintenance	16,939	32,466
Utilities	80,624	117,917
Miscellaneous	5,607	3,990
Depreciation	247,827	434,394
Amortization	6,271	8,462
Total Operating Expenses	<u>939,067</u>	<u>1,249,868</u>
Operating Income	126,744	173,967
Non-Operating Income (Expense):		
Interest Income	37,947	45,584
Revenue from Use of Property	53,757	-
Interest Expense	(53,130)	(90,699)
Total Non-Operating Income (Expenses)	<u>38,574</u>	<u>(45,115)</u>
Income (Loss) before Contributions and Transfers	165,318	128,852
Other Financing Sources (Uses)		
Contributed Capital Revenue	167,683	202,107
Transfers In (Out)	(81,000)	(63,469)
Total Other Financing Sources (Uses)	<u>86,683</u>	<u>138,638</u>
Change in Net Assets	252,001	267,490
Net Assets - Beginning	3,598,086	7,836,056
Prior Period Adjustment	(57,921)	(23,998)
Net Assets - Beginning, as Restated	<u>3,540,165</u>	<u>7,812,058</u>
Net Assets - Ending	<u>\$ 3,792,166</u>	<u>\$ 8,079,548</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 827,423	\$ 3,226,894	\$ 407,055
11,224	101,399	-
-	-	236,688
<u>838,647</u>	<u>3,328,293</u>	<u>643,743</u>
-	-	594,385
400,393	995,691	-
272,821	807,599	-
34,520	138,882	-
29,959	79,364	-
293	198,834	-
919	10,516	-
55,124	737,345	-
-	14,733	-
<u>794,029</u>	<u>2,982,964</u>	<u>594,385</u>
44,618	345,329	49,358
19,587	103,118	2,013
-	53,757	-
-	(143,829)	-
<u>19,587</u>	<u>13,046</u>	<u>2,013</u>
64,205	358,375	51,371
-	369,790	-
(50,000)	(194,469)	-
<u>(50,000)</u>	<u>175,321</u>	<u>-</u>
14,205	533,696	51,371
745,183	12,179,325	34,112
-	(81,919)	-
<u>745,183</u>	<u>12,097,406</u>	<u>34,112</u>
<u>\$ 759,388</u>	<u>\$ 12,631,102</u>	<u>\$ 85,483</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2007

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,045,587	\$ 1,439,721
Cash Paid to Suppliers for Goods and Services	(441,860)	(537,428)
Cash Paid to Employees for Services	(249,678)	(352,716)
Other Nonoperating Income	53,757	-
Net Cash Provided by Operating Activities	<u>407,806</u>	<u>549,577</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(48,701)	(242,279)
Principal Paid on Notes and Bonds	(255,000)	(265,000)
Interest Paid on Notes and Bonds	(53,849)	(91,567)
Net Cash (Used) for Capital and Related Financing Activities	<u>(357,550)</u>	<u>(598,846)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(81,000)	(63,469)
Due From (To) Other Funds	26,990	(103,646)
Net Cash (Used) for Non-Capital Financing Activities	<u>(54,010)</u>	<u>(167,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investment Securities	-	730,000
Interest and Dividends on Investments	3,754	49,600
Net Cash Provided for Investing Activities	<u>3,754</u>	<u>779,600</u>
Net Increase in Cash and Cash Equivalents	-	563,216
Cash and Cash Equivalents at Beginning of Year	<u>400</u>	<u>276,784</u>
Cash and Cash Equivalents at End of Year	<u>\$ 400</u>	<u>\$ 840,000</u>

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 832,763	\$ 3,318,071	\$ 657,838
(343,902)	(1,323,190)	(631,203)
(398,045)	(1,000,439)	-
-	53,757	-
90,816	1,048,199	26,635
-	(290,980)	-
-	(520,000)	-
-	(145,416)	-
-	(956,396)	-
(50,000)	(194,469)	-
-	(76,656)	-
(50,000)	(271,125)	-
335,000	1,065,000	-
22,332	75,686	2,013
357,332	1,140,686	2,013
398,148	961,364	28,648
49,797	326,981	101,736
\$ 447,945	\$ 1,288,345	\$ 130,384
		(Continued)

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2007

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income	\$ 126,744	\$ 173,967
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	247,827	434,394
Amortization	6,271	8,462
Miscellaneous Non-Operating Income	53,757	-
(Increase) Decrease in Assets:		
Accounts Receivable	(9,843)	(7,234)
Special Assessments	5,032	27,206
Estimated Unbilled Usage	(3,228)	(2,895)
Other Receivables	(15,566)	(1,191)
Prepaid Expenses	(229)	(2,605)
Inventories	1,017	(2,115)
Increase (Decrease) in Liabilities		
Accounts Payable	1,447	(80,120)
Accrued Wages	660	20
Accrued Compensated Absences	(9,464)	1,688
Customer Deposits	3,381	-
Claims Incurred But Not Reported	-	-
Total Adjustments	281,062	375,610
Net Cash Provided by Operating Activities	\$ 407,806	\$ 549,577
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions	\$ 167,683	\$ 202,107
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 400	\$ 472,500
Restricted Cash and Cash Equivalents	-	367,500
	\$ 400	\$ 840,000

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 44,618	\$ 345,329	\$ 49,358
55,124	737,345	-
	14,733	-
	53,757	-
(7,797)	(24,874)	17,879
	32,238	-
	(6,123)	-
1,913	(14,844)	-
(2,314)	(5,148)	(3,784)
	(1,098)	-
(3,076)	(81,749)	42
681	1,361	-
1,667	(6,109)	-
-	3,381	-
-	-	(36,860)
46,198	702,870	(22,723)
\$ 90,816	\$ 1,048,199	\$ 26,635
-	\$ 369,790	-
\$ 447,945	\$ 920,845	\$ 130,384
-	367,500	-
\$ 447,945	\$ 1,288,345	\$ 130,384

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2007

ASSETS

Cash and Cash Equivalents	\$	31,250
Receivables:		
Accounts Receivable		745,386
Other		33,290
		<hr/>
Total Assets		<hr/> 809,926 <hr/>

LIABILITIES

Due to Other Governments		774,446
Other Payables		35,480
		<hr/>
Total Liabilities		<hr/> 809,926 <hr/>

NET ASSETS

Unrestricted		<hr/> - <hr/>
Total Net Assets	\$	<hr/> <hr/> - <hr/>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waverly, Iowa, is a political subdivision of the State of Iowa located in Bremer County, and was incorporated in 1859, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator elected on a nonpartisan basis and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development, general government, capital projects and debt service. The City also has municipal water, sewer and solid waste utility systems which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

For financial reporting purposes, the City of Waverly, Iowa, has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. These financial statements present the City of Waverly, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Units

Waverly Health Center - The City established a municipal hospital, Waverly Health Center, in accordance with paragraph 392.6 of the Code of Iowa. The City provided for the election of a Board of Trustees vested with authority to provide management controls, and the rules for the hospital's economic conduct, which in accordance with criteria set forth by the Governmental Accounting Standards Board, meets the definition of a component unit which should be discretely presented. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City. The Hospital is financially accountable to the City.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Light and Power – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body and title to all property is in the name of the City, which in accordance with criteria set forth by the Governmental Accounting Standards Board, meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. The utility operates on a calendar year. Therefore financial statements presented herein are reported for the year ended December 31, 2006.

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards or Commissions: Bremer-Waverly Public Safety Board, Bremer County Emergency Management Commission, Bremer County Joint E911 Service Board, and the Tri-County Drug Task Force.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, and capital projects funds are classified as governmental activities. The City's health insurance internal service fund is classified as a governmental-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, health and social services, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Funds – The Employee Benefit Fund is used to account for the collection of a property tax levy to be used for employee benefit expenses. The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.
- 3) Debt Service Fund – Debt Service Fund is used to account for property taxes received to be expended to retire principal and interest on General Obligation Bonds and other debt.
- 4) Capital Project Fund – The Fire Station Fund is used to account for accumulation of resources for construction of a fire station.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Solid Waste Fund is used to account for the operation and maintenance of the City garbage disposal system.

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service fund is presented in the proprietary fund financial statements.

Health Insurance – To account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's Agency Fund is used to account for collecting receipts on behalf of Waverly Light and Power.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred. A flow of financial resources measurement focus is used for these financial statements.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. A flow of current financial resources measurement focus is used for these financial statements.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the health and social services, community and economic development, and business-type activities functions.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

<u>City</u>	<u>Type</u>	<u>Method</u>
	Nonnegotiable Certificates of Deposit	Cost
	Iowa Public Agency Investment Trust	Fair Value Determined by Current Share Prices
<u>Component Unit</u>		
	Certificates of Deposit	Cost
	U.S. Treasury Notes, State & Local Government Series	Fair Value Determined Based on Quoted Market Price
	Iowa Public Agency Investment Trust	Fair Value Determined By Current Share Prices
	Debt Securities	
	U.S. Government Securities	
	Maturity of one year or less when purchased	Amortized Cost
	Maturity of more than one year when purchased	Fair Value Based on Quoted Market Price

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006. Any county collections on the 2006-2007 tax levy remitted to the City within 60 days subsequent to June 30, 2007, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

certain transactions between funds have not been paid or received as of June 30, 2007, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid items.

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	20 – 50 Years
Utility Plant	30 – 33 Years
Machinery & Equipment	5 - 20 Years
Infrastructure	20 – 100 Years

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Reserves represent those portions of fund equity legally segregated for a specific future use.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Q. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2007, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no differences in investments held during the year from those at June 30, 2007.

At June 30, 2007 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.05 as amended by Statement No. 40.

	Credit Risk	Fair Value	Maturity
Mutual Funds	N/A	\$ 110,779	N/A
Component Unit: U.S. Treasuries	N/A	1,501,656	November, 2008

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

Note 3 - RECEIVABLES

Receivables at June 30, 2007 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$15,976 at June 30, 2007. The Waverly Health Center component unit had an allowance for uncollectibles of \$2,080,000 at June 30, 2007.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2007, amounts due from other governments were as follows:

Due from the Iowa Department of Economic Development for CDBG grant	\$ 11,414
Due from the Iowa Department of Transportation for Highway Planning Grant	60,266
Due from the Iowa Homeland Security for Disaster Grant	1,829
Due from Waverly Light and Power for cash deficit in Electric Clearing Fund	80,637
Due from the State of Iowa for local option sales taxes	122,490
Due from the State of Iowa for hotel and motel sales taxes	35,766
Due from the Iowa Department of Transportation for road use tax allocations	61,404
Total Due from Other Governments	<u>\$ 373,806</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2007, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Proprietary – Sewer	\$ 104,842 *
General	Nonmajor Governmental	349,167 *
General	Debt Service	38,048 *
General	Proprietary - Water	189,426 *
Nonmajor Governmental	Proprietary – Water	103,669 *
Proprietary – Sewer	Proprietary – Water	180,000
Proprietary – Sewer	Debt Service	12,870
Proprietary – Water	Proprietary – Sewer	540
		<u>\$ 978,562</u>

* These Internal balances represent amounts due from/due to other funds to cover deficit cash balances.

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,832,697	\$ 8,750	\$ 7,814	\$ 1,833,633
Construction in Progress	1,026,682	3,102,576	279,311	3,849,947
Total capital assets not being depreciated	<u>2,859,379</u>	<u>3,111,326</u>	<u>287,125</u>	<u>5,683,580</u>
Capital assets being depreciated:				
Buildings and Improvements	6,837,154	226,379	-	7,063,533
Equipment	3,961,348	440,117	153,399	4,248,066
Infrastructure	28,834,802	1,249,544	-	30,084,346
Total capital assets being depreciated	<u>39,633,304</u>	<u>1,916,040</u>	<u>153,399</u>	<u>41,395,945</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	1,742,803	168,510	-	1,911,313
Equipment	2,493,420	252,865	133,857	2,612,428
Infrastructure	8,854,317	1,086,007	-	9,940,324
Total Accumulated Depreciation	<u>13,090,540</u>	<u>1,507,382</u>	<u>133,857</u>	<u>14,464,065</u>
Total capital assets being depreciated, net	<u>26,542,764</u>	<u>408,658</u>	<u>19,542</u>	<u>26,931,880</u>
Governmental activities capital assets, net	<u>\$ 29,402,143</u>	<u>\$ 3,519,984</u>	<u>\$ 306,667</u>	<u>\$ 32,615,460</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 6 - CAPITAL ASSETS (CONTINUED)

Construction in progress at June 30, 2007, for the governmental activities consisted of costs associated with Waverly Fire Station, 1st Street NW Parking Lot, 4th Avenue SW Project, and the airport runway extension.

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 19,191	-	-	\$ 19,191
Construction in Progress	476,290	\$ 181,810	\$ 658,100	-
Total capital assets not being depreciated	495,481	181,810	658,100	19,191
Capital assets being depreciated:				
Buildings and Improvements	5,512,927	578,805	-	6,091,732
Equipment	1,404,957	62,178	-	1,467,135
Lines and Structures	15,540,060	496,077	-	16,036,137
Total capital assets being depreciated	22,457,944	1,137,060	-	23,595,004
Less: Accumulated Depreciation				
Buildings and Improvements	3,162,715	130,749	-	3,293,464
Equipment	682,266	104,791	-	787,057
Lines and Structures	5,660,699	501,805	-	6,162,504
Total Accumulated Depreciation	9,505,680	737,345	-	10,243,025
Total capital assets being depreciated, net	12,952,264	399,715	-	13,351,979
Business-type activities capital assets, net	\$ 13,447,745	\$ 581,525	\$ 658,100	\$ 13,371,170

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 94,559
Public Works	1,204,291
Culture and Recreation	153,577
General Government	54,955
Total depreciation expense – governmental activities	<u>\$ 1,507,382</u>
Business-Type Activities:	
Water	\$ 247,827
Sewer	434,394
Solid Waste	55,124
Total depreciation expense – business-type activities	<u>\$ 737,345</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 6 - CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the discretely presented component units is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Waverly Health Center:				
Capital assets not being depreciated:				
Land	\$ 1,039,243	\$ 908,750	\$ -	\$ 1,947,993
Total capital assets not being depreciated	1,039,243	908,750	-	1,947,993
Capital assets being depreciated:				
Land Improvements	1,961,537	31,087	-	1,992,624
Buildings and Fixed Equipment	21,779,053	546,908	-	22,325,961
Major Movable Equipment	8,441,759	2,265,119	19,084	10,687,794
Total capital assets being depreciated	32,182,349	2,843,114	19,084	35,006,379
Less: Accumulated Depreciation	9,364,135	2,399,392	17,078	11,746,449
Total capital assets being depreciated, net	22,818,214	443,722	2,006	23,259,930
Component unit capital assets, net	\$ 23,857,457	\$ 1,352,422	\$ 2,006	\$ 25,207,923
Waverly Light and Power:				
Capital assets not being depreciated:				
Land	\$ 139,649	\$ 376,221	\$ -	\$ 515,870
Construction in Progress	2,672,833	1,652,379	-	4,325,212
Total capital assets not being depreciated	2,812,482	2,028,600	-	4,841,082
Capital assets being depreciated:				
Improvements	27,292,569	743,696	-	28,036,265
Buildings	3,512,195	19,002	-	3,531,197
Equipment	2,329,662	412,848	207,554	2,534,956
Louisa Plant	7,913,289	824,522	13,827	8,723,984
Total capital assets being depreciated	41,047,715	2,000,068	221,381	42,826,402
Less: Accumulated Depreciation	18,721,517	1,451,908	183,669	19,989,756
Total capital assets being depreciated, net	22,326,198	548,160	37,712	22,836,646
Component unit capital assets, net	\$ 25,138,680	\$ 2,576,760	\$ 37,712	\$ 21,699,714

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 6 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

			Component Unit	
	Governmental Activities	Business- Type Activities	Waverly Health Center	Waverly Light & Power
Land	\$ 1,833,633	\$ 19,191	\$ 1,947,993	\$ 515,870
Construction in Progress	3,849,947	-	-	4,325,212
Capital Assets (net of accumulated depreciation)	26,931,880	13,351,979	23,259,930	22,836,646
Less: General Obligation Bonds Payable, net of unspent capital debt	13,442,516	950,388	-	-
Notes Payable	292,763	-	1,593,675	775,000
Revenue Bonds	-	1,595,000	15,230,000	5,203,014
Invested in Capital Assets, Net of Related Debt	\$ 18,880,181	\$ 10,825,782	\$ 8,384,248	\$ 21,699,714

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2007, is \$25,194,381 of which \$15,082,395 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2007:

	Governmental Activities	Business Type Activities		
	General Obligation			
	Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Revenue Bonds	Total
<i>Primary Government:</i>				
Bonds payable July 1, 2006	\$ 15,527,615	\$ 1,105,388	\$ 2,340,000	\$ 18,973,003
Plus: Issued	124,983	-	-	124,983
Less: Payments	1,465,223	155,000	365,000	1,985,223
Bonds Payable June 30, 2007	14,187,375	950,388	1,975,000	17,112,763
Due within one year	\$ 1,404,578	\$ 160,000	\$ 380,000	\$ 1,944,578

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Waverly Health Center	Waverly Light And Power	Total Component Units
<i>Component Unit:</i>			
Bonds Payable/ Notes Payable-			
June 30,2006/December 31, 2005	\$ 16,312,000	\$ 6,875,000	\$ 23,187,000
Issued	1,714,650	1,800,000	3,514,650
Retired	1,202,975	770,000	1,972,975
Bonds Payable/ Notes Payable-			
June 30, 2007/December 31, 2006	\$ 16,823,675	\$ 7,905,000	\$ 24,728,675
Due within one year	\$ 1,330,167	\$ 800,000	\$ 2,130,167

On the Combined Balance Sheet the Waverly Light and Power component unit revenue bonds are shown net of unamortized bond discount of \$17,740.

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2007
General Obligation:						
*1999 GO Bonds	1999	4.0-4.65%	2014	\$ 30,000-115,000	\$ 1,165,000	\$ 685,000
2000A GO Bonds	2000	4.75-5.20%	2011	100,000-195,000	1,470,000	425,000
2000B GO Bonds	2000	4.80-5.40%	2011	55,000-280,000	1,000,000	330,000
2000C GO Bonds	2001	4.25-5.10%	2016	50,000-220,000	2,030,000	1,630,000
2001 GO Bonds	2001	3.70-4.80%	2016	50,000-90,000	950,000	675,000
2001A GO Bonds	2001	3.0-5.0%	2019	50,000-295,000	2,750,000	2,420,000
2001B GO Bonds	2001	3.0-4.25%	2017	30,000-90,000	1,000,000	750,000
2002 GO Bonds	2002	3.5-4.40%	2012	25,000-45,000	360,000	205,000
*2003 GO Refunding	2003	1.2-3.0%	2010	55,000-195,000	1,025,000	365,000
2005 GO Bonds	2005	2.8-3.9%	2017	90,000-140,000	1,290,000	1,200,000
*2005 GO Refunding	2005	2.5-3.25%	2013	65,000-535,000	2,680,000	2,340,000
*2006 GO LOSST Bonds	2006	3.6-4.10%	2019	220,000-395,000	4,040,000	3,820,000
Total General Obligation					\$ 19,760,000	\$ 14,845,000

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2007
Revenue Bonds:						
1999 – Sewer	1999	4.0-4.65%	2014	50,000-100,000	\$ 1,095,000	\$ 615,000
2000 – Sewer	2000	5.30-5.80%	2015	20,000-50,000	500,000	320,000
2002 – Sewer	2002	3.0-4.5%	2012	105,000-155,000	1,280,000	705,000
2002 – Water	2002	3.0-4.5%	2012	35,000-50,000	435,000	240,000
2003 – Water (Refunding)	2003	2.05-3.4%	2008	85,000-100,000	465,000	95,000
Total Revenue Bonds					<u>\$ 3,775,000</u>	<u>\$ 1,975,000</u>
2001 Golf Revenue Capital Loan Note	2001	5.1%	2015	15,000-28,000	<u>\$ 300,000</u>	<u>\$ 192,780</u>
Component Units:						
Waverly Health Center:						
1999 Hospital Capital Loan Notes	1999	5.0-5.8%	2015	150,000-180,000	\$ 2,150,000	\$ 1,505,000
2003 Hospital Capital Loan Notes	2003	2.5-5.5%	2018	545,000	9,800,000	8,130,000
2004 Hospital Capital Loan Notes	2004	2.0-4.9%	2019	195,000	6,200,000	5,595,000
Waverly Light and Power:						
1998 Utility Rev. Bonds	1998	4.1-4.4%	2008	50,000-575,000	3,610,000	1,150,000
2002 Utility Rev. Bonds	2002	2.2-4.5%	2012	75,000-200,000	2,500,000	1,880,000
2005 Utility Rev. Bonds	2005	3.5-4.0%	2015	380,000-480,000	3,000,000	3,000,000
					<u>\$ 27,260,000</u>	<u>\$ 21,260,000</u>

All General Obligation Debt except those marked with (*) are to be retired through property tax levies. A portion of those (*) bonds, other than the LOSST bond, are paid with water and sewer revenues. The LOSST bond is to be retired through the tax receipts collected by the City from the local option and services tax. The revenue bonds are to be retired with water and sewer revenues.

	<u>General Obligation</u>		<u>Revenue Bond</u>		<u>Golf Revenue Capital Loan Note</u>	
Year Ending June 30,	<u>Principal*</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,510,000	\$ 598,918	\$ 380,000	\$ 90,045	\$ 20,399	\$ 9,601
2009	1,620,000	544,925	295,000	74,740	21,478	8,522
2010	1,690,000	485,295	310,000	61,770	22,587	7,413
2011	1,700,000	421,055	320,000	47,780	23,754	6,246
2012	1,635,000	354,213	335,000	33,060	24,968	5,032
2013-2017	5,345,000	971,573	335,000	30,553	79,594	7,048
2018-2019	1,345,000	90,798	-	-	-	-
	<u>\$ 14,845,000</u>	<u>\$ 3,466,775</u>	<u>\$ 1,975,000</u>	<u>\$ 337,948</u>	<u>\$ 192,780</u>	<u>\$ 43,862</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

The bond principal and interest annual requirements for the component units are as follows:

Waverly Health System

Year Ending June 30,	Capital Loan Notes	Loan/Notes Payable	Total Principal	Interest	Total
2008	\$ 985,000	\$ 345,167	\$ 1,330,167	\$ 827,087	\$ 2,157,254
2009	1,020,000	368,185	1,388,185	767,249	2,155,434
2010	1,060,000	392,901	1,452,901	701,144	2,154,045
2011	1,110,000	386,439	1,496,439	628,961	2,125,400
2012	1,160,000	100,983	1,260,983	557,308	1,818,291
2013-2017	6,705,000	-	6,705,000	1,863,922	8,568,922
2018-2019	3,190,000	-	3,190,000	241,062	3,431,062
	<u>\$ 15,230,000</u>	<u>\$ 1,593,675</u>	<u>\$ 16,823,675</u>	<u>\$ 5,586,733</u>	<u>\$ 22,410,408</u>

Waverly Light and Power

Year Ending December 31	Principal	Notes Payable	Total Principal	Interest	Total
2007	\$ 775,000	\$ 25,000	\$ 800,000	\$ 243,010	\$ 1,043,010
2008	810,000	1,825,000	2,635,000	210,198	2,845,198
2009	715,000	25,000	740,000	175,497	915,497
2010	745,000	-	745,000	148,295	893,295
2011	780,000	-	780,000	119,200	899,200
2012	815,000	-	815,000	87,956	902,956
2013-2015	1,390,000	-	1,390,000	111,004	1,501,004
	<u>\$ 6,030,000</u>	<u>\$ 1,875,000</u>	<u>\$ 7,905,000</u>	<u>\$ 1,095,160</u>	<u>\$ 9,000,160</u>

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of revenue bonds. The reserve and sinking fund requirements are recorded as restricted assets on the combined balance sheet and meet the minimum requirements of the various bond ordinances.

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2007.

	July 1, 2006	Additions	Reductions	June 30, 2007	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 205,288	\$ 149,098	\$ 123,173	\$ 231,213	\$ 138,728
Equipment Note	5,802	-	5,802	-	-
Equipment Note	-	74,983	25,000	49,983	25,000
Equipment Note	-	50,000	-	50,000	9,179
	<u>\$ 211,089</u>	<u>\$ 274,081</u>	<u>\$ 153,975</u>	<u>\$ 331,196</u>	<u>\$ 172,907</u>
Business-Type Activities:					
Compensated Absences	\$ 55,354	\$ 27,103	\$ 33,212	\$ 49,245	\$ 29,547

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Maturities of Equipment Notes Payable is as follows:

Year Ending June 30,	Principal	Interest
2008	\$ 34,179	\$ 4,275
2009	34,521	2,882
2010	9,972	1,408
2011	10,421	959
2012	10,890	490
	<u>\$ 99,983</u>	<u>\$ 10,014</u>

Other long-term liabilities at June 30, 2007 was comprised of the following:

Included in general long-term debt:

A note payable to First Nation Bank dated July 1, 2006 and due July 1, 2008 for the purchase of golf course equipment. \$ 49,983

A note payable to First National Bank dated October 9, 2006 and due October 9, 2011 for golf course improvements. \$ 50,000

Note Payable

The City of Waverly issued a \$330,000 loan to the Hospital to assist in financing an addition to the Hospital and remodeling of certain existing areas. This loan directly resulted from the issuance of a Rural Economic Development loan to the City from the U.S. Department of Agriculture. The loan is interest free and is due in ten annual installments of \$33,000.

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Total Transfers Out
General	\$ -	\$ 30,000	\$ 60,000	\$ 90,000
Debt Service	-	-	463	463
Employee Benefit	513,708	-	-	513,708
T.I.F.	-	475,711	-	475,711
Nonmajor Governmental	38,000	691,727	435,491	1,165,218
Water	21,000	-	60,000	81,000
Sewer	38,469	-	25,000	63,469
Solid Waste	-	-	50,000	50,000
Total Transfers In	<u>\$ 611,177</u>	<u>\$ 1,197,438</u>	<u>\$ 630,954</u>	<u>\$ 2,439,569</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 8 – TRANSFERS (CONTINUED)

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

Note 9 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.70 percent of their annual covered salary and the City is required to contribute 5.75 percent of covered salary. Law enforcement employees are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$137,146, \$131,823, and \$131,135, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation. The employers' contribution rate is based upon and actuarially determined normal contribution rate. The normal contribution rate is provided by the State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions.

Legislatively appropriated contributions from the State may further reduce the employers' contribution rate. However, under the Code of Iowa, the employers' contribution rate cannot be less than 27.75 percent of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2007, 2006 and 2005 were \$188,751, \$177,746, and \$142,963 respectively, equal to the required contributions for each year.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 10 - DEFICIT FUND EQUITY

The City has twelve funds with deficit equity balances at June 30, 2007. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Special Revenue – Downtown TIF	\$ 8,886
Capital Project – 4 th Avenue SW	6,650
Capital Project – 9 th Avenue NW Recon.	2,597
Capital Project – 3 rd Street NE Parking Lot	144,303
Capital Project – 1 st Avenue SE Parking Lot.....	3,816
Capital Project – Walmart Project	5,193
Capital Project – 1 st NW & Bremer Intersection	18,486
Capital Project – Cent Oaks 111A & 111	57
Capital Project – 1 st NW Parking Lot	221,468
Capital Project – Crestwood Trail Project	510
Capital Project – 5 th Ave SW (4 th to 8 th).....	980
Capital Project – Oak Ridge Circle/Tech Place.....	1,484

Note 11 - RISK MANAGEMENT

Medical Insurance - The City uses a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$5,000 per covered employee per year and 125% of expected claims for year for the City as a whole per year.

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

Claims payable @ June 30, 2005	\$ 77,827
Claims paid	493,156
Claims incurred	500,739
Claims payable @ June 30, 2006	<u>\$ 85,410</u>
 Claims payable @ June 30, 2006	 \$ 85,410
Claims paid	625,398
Claims incurred	588,538
Claims payable @ June 30, 2007	<u>\$ 48,550</u>

Other Risk - The City of Waverly is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 12 - COMMITMENTS

During the year ended June 30, 2007, the City had entered into several construction contracts totaling approximately \$3,700,000 of which \$3,348,515 has been expended to date. The remaining balance will be paid as work progresses.

The City entered into an agreement with Wartburg College for the joint use of the new Waverly-Wartburg Wellness Center. The City committed to making eight annual payments to the College of \$150,000 each beginning in the fiscal year ending June 30, 2008.

Note 13 - BREMER COUNTY LANDFILL CONTRACT

The City has contracted with Bremer County for solid waste disposal. The new contract began July 1, 2004 and was extended to September 30, 2007. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$35.75/ton of solid waste delivered to the landfill.

Note 14 - JOINT VENTURE

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 30% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net assets are to be contributed for the operation. The Organization is governed by a five member board composed of two designated representatives from the City and two from the County. The fifth member of the board is chosen by the four designated representatives. Complete financial statements for the Bremer – Waverly Public Safety Board can be obtained from the Board's administrative office.

Note 15 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, Industrial Development Revenue Bonds had an original issue amount of \$2,500,000. The outstanding balance at June 30, 2007 was \$1,488,000.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2007

Note 16 - RESERVES

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

	<u>Inventory</u>	<u>Debt Service</u>	<u>Endowments</u>	<u>Total</u>
General Fund	\$ 65,635	-	-	\$ 65,635
Debt Service	-	\$ 55,368	-	55,368
Permanent Fund				
Cemetery Perpetual Care	-	-	\$ 456,627	456,627
Total Reserves of Fund Balances	<u>\$ 65,635</u>	<u>\$ 55,368</u>	<u>\$ 456,627</u>	<u>\$ 577,630</u>

Note 17 - SUBSEQUENT EVENT

In September 2007 the City signed a real estate contract to purchase 25 acres of land at \$18,500 per acre and \$125,000 for the homestead for a total purchase price of \$587,500. The land is to be used as a future site for a new public works facility.

Note 18 - PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended June 30, 2006, the special assessment receivable was overstated in both the water and sewer enterprise funds. The effects on the individual retained earnings was as follows:

	<u>Water</u>	<u>Sewer</u>
Beginning Net Assets, as previously reported	\$ 3,598,086	\$ 7,836,056
Prior Period Adjustment	(57,921)	(23,998)
Beginning Net Assets, restated	<u>\$ 3,540,165</u>	<u>\$ 7,812,058</u>

Note 19 - RECLASSIFICATIONS OF A GENERAL NATURE

Certain amounts presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income or fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
June 30, 2007

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Agency Fund and the Internal Service Fund, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted expenditures by \$1,365,762. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements in the health and social services, community and economic development, and business-type activities functions exceeded the amount budgeted.

During the fiscal year 2007, the City had one budget amendment. The amendment was as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/21/07 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 1,579,473	\$ 203,192	\$ 1,782,665
Public Works	1,234,344	24,000	1,258,344
Health and Social Service	15,650	-	15,650
Culture & Recreation	2,212,471	27,000	2,239,471
Community & Economic Development	111,299	60,000	171,299
General Government	710,501	4,353	714,854
Debt Service	1,967,556	306,417	2,273,973
Capital Projects	4,843,175	624,100	5,467,275
Business Type/Enterprise	3,157,892	116,700	3,274,592
Total	<u>\$ 15,832,361</u>	<u>\$ 1,365,762</u>	<u>\$ 17,198,123</u>

The following schedule demonstrates the City's legal compliance to the budget. The subsequent schedule reconciles the budgetary comparison to the actual GAAP basis financial statements.

CITY OF WAVERLY, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**

Governmental Funds and Proprietary Funds

For the Year Ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	\$ 5,786,318	\$ -	\$ 5,786,318
Special Assessments	14,824	78,820	93,644
Licenses and Permits	80,678	-	80,678
Intergovernmental Revenue	2,219,017	-	2,219,017
Charges for Services	827,493	3,231,516	4,059,009
Fines and Forfeits	43,131	-	43,131
Contributions	19,625	-	19,625
Revenue from Use of Property	86,141	53,757	139,898
Interest on Investments	284,413	109,513	393,926
Miscellaneous	62,077	7,735	69,812
Total Revenue	<u>9,423,717</u>	<u>3,481,341</u>	<u>12,905,058</u>
Expenditures:			
Public Safety	1,489,427	-	1,489,427
Public Works	1,138,537	-	1,138,537
Health and Social Services	19,297	-	19,297
Culture and Recreation	2,115,099	-	2,115,099
Community and Economic Development	208,167	-	208,167
General Government	706,813	-	706,813
Capital Projects	4,100,873	-	4,100,873
Debt Service	2,073,900	-	2,073,900
Business-Type Activities	-	3,280,025	3,280,025
Total Expenditures	<u>11,852,113</u>	<u>3,280,025</u>	<u>15,132,138</u>
Excess (deficiency) of revenues over expenditures	<u>(2,428,396)</u>	<u>201,316</u>	<u>(2,227,080)</u>
Other financing sources (uses):			
Proceeds from Debt Financing	124,983	-	124,983
Proceeds from Sale of Capital Assets	917,908	-	917,908
Transfers In	2,511,911	-	2,511,911
Transfers Out	(2,317,442)	(194,469)	(2,511,911)
Total other financing sources (uses)	<u>1,237,360</u>	<u>(194,469)</u>	<u>1,042,891</u>
Net Change in Fund Balance	(1,191,036)	6,847	(1,184,189)
Balances - beginning of year	8,063,330	1,605,683	9,669,013
Balances - end of year	<u>\$ 6,872,294</u>	<u>\$ 1,612,530</u>	<u>\$ 8,484,824</u>

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
\$ 5,725,646	\$ 5,725,646	\$ 60,672
90,500	104,000	(10,356)
25,050	25,050	55,628
1,776,650	2,681,150	(462,133)
4,339,804	4,339,804	(280,795)
-	-	43,131
-	-	19,625
-	-	139,898
208,672	335,210	58,716
215,300	252,300	(182,488)
<u>12,381,622</u>	<u>13,463,160</u>	<u>(558,102)</u>
1,579,473	1,782,665	293,238
1,234,344	1,258,344	119,807
15,650	15,650	(3,647)
2,212,471	2,239,471	124,372
111,299	171,299	(36,868)
710,501	714,854	8,041
4,843,175	5,467,275	1,366,402
1,967,556	2,273,973	200,073
3,157,892	3,274,592	(5,433)
<u>15,832,361</u>	<u>17,198,123</u>	<u>2,065,985</u>
<u>(3,450,739)</u>	<u>(3,734,963)</u>	<u>1,507,883</u>
65,000	58,375	66,608
-	-	917,908
2,242,971	2,242,971	268,940
<u>(2,242,971)</u>	<u>(2,242,971)</u>	<u>(268,940)</u>
<u>65,000</u>	<u>58,375</u>	<u>984,516</u>
<u>(3,385,739)</u>	<u>(3,676,588)</u>	<u>2,492,399</u>
9,669,013	9,669,013	-
<u>\$ 6,283,274</u>	<u>\$ 5,992,425</u>	<u>\$ 2,492,399</u>

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2007

	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenue:			
Taxes	\$ 5,786,318	\$ 22,313	\$ 5,808,631
Special Assessments	93,644	(32,238)	61,406
Licenses and Permits	80,678	24,093	104,771
Intergovernmental Revenue	2,219,017	70,748	2,289,765
Charges for Services	4,059,009	(5,693)	4,053,316
Fines and Forfeits	43,131	561	43,692
Contributions	19,625	318	19,943
Revenue from Use of Property	139,898	-	139,898
Interest on Investments	393,926	(9,576)	384,350
Miscellaneous	69,812	45,092	114,904
Total Revenue	<u>12,905,058</u>	<u>115,618</u>	<u>13,020,676</u>
Expenditures/Expenses:			
Public Safety	1,489,427	16,291	1,505,718
Public Works	1,138,537	(18,468)	1,120,069
Health and Social Services	19,297	21,195	40,492
Culture and Recreation	2,115,099	(22,241)	2,092,858
Community and Economic Development	208,167	3,338	211,505
General Government	706,813	1,781	708,594
Capital Projects	4,100,873	15,220	4,116,093
Debt Service	2,073,900	(165)	2,073,735
Business-Type Activities	3,280,025	(153,232)	3,126,793
Total Expenditures/Expenses	<u>15,132,138</u>	<u>(136,281)</u>	<u>14,995,857</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(2,227,080)</u>	<u>251,899</u>	<u>(1,975,181)</u>
Other financing sources (uses):			
Proceeds from Debt Financing	124,983	-	124,983
Proceeds from Sale of Capital Assets	917,908	-	917,908
Contributed Capital Revenue	-	369,790	369,790
Transfers In	2,511,911	-	2,511,911
Transfers Out	(2,511,911)	-	(2,511,911)
Total other financing sources (uses)	<u>1,042,891</u>	<u>369,790</u>	<u>1,412,681</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>(1,184,189)</u>	<u>621,689</u>	<u>(562,500)</u>
Fund Balance/Retained Earnings - beginning of year	9,669,013	10,375,601	20,044,614
Prior Period Adjustment	-	(81,919)	(81,919)
Fund Balance/Retained Earnings - beginning of year, as Restated	<u>9,669,013</u>	<u>10,293,682</u>	<u>19,962,695</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 8,484,824</u>	<u>\$ 21,209,053</u>	<u>\$ 19,400,195</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2007

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Assets			
Cash and Cash Equivalents	\$ 154,754	\$ 8,412	\$ -
Investments	-	650,000	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	706
Subsequent Year Taxes	-	-	175,110
Accrued Interest	-	8,033	-
Special Assessments	-	-	-
Due from Other Funds	103,669	-	-
Due from Other Governmental Agencies	63,233	122,490	-
Total Assets	321,656	788,935	175,816
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	6,653	-	-
Accrued Wages	16,514	-	-
Due to Other Funds	-	-	9,592
Deferred Revenue - Subsequent Year Taxes	-	-	175,110
Deferred Revenue	-	-	-
Total Liabilities	23,167	-	184,702
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Unreserved	298,489	788,935	(8,886)
Total Fund Balances	298,489	788,935	(8,886)
Total Liabilities and Equity	\$ 321,656	\$ 788,935	\$ 175,816

						Capital Projects			
Special Revenue Funds			First St SW/ Trail	Capital Improvement Fund	E Bremer Ave Streetscape	Walmart Project			
Trees Forever	Cable TV	Municipal Band							
\$ 19,602	\$ 29,941	\$ 374	\$ -	\$ 44,225	\$ -	\$ -			
-	-	-	-	-	-	-			
-	13,059	-	-	-	-	-			
-	-	-	-	-	-	-			
-	-	-	-	-	-	-			
-	-	-	-	-	72,512	-			
-	-	-	-	-	-	-			
-	-	-	-	-	-	-			
19,602	43,000	374	-	44,225	72,512	-			
75	5,502	-	-	75	-	-			
-	-	-	-	-	-	-			
-	-	-	-	-	-	5,193			
-	-	-	-	-	-	-			
-	-	-	-	-	63,448	-			
75	5,502	-	-	75	63,448	5,193			
-	-	-	-	-	-	-			
19,527	37,498	374	-	44,150	9,064	(5,193)			
19,527	37,498	374	-	44,150	9,064	(5,193)			
\$ 19,602	\$ 43,000	\$ 374	\$ -	\$ 44,225	\$ 72,512	\$ -			

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2007

	Capital Projects		
	39th Street SE Reconstruction	1st Ave SE Parking Lot	12th Street NW Reconstruction
Assets			
Cash and Pooled Investments	\$ -	\$ -	\$ 18,806
Investments	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Accrued Interest	-	-	-
Special Assessments	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	-	-	18,806
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	3,816	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue - Subsequent Year Taxes	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	-	3,816	-
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Unreserved	-	(3,816)	18,806
Total Fund Balances	-	(3,816)	18,806
Total Liabilities and Equity	\$ -	\$ -	\$ 18,806

Capital Projects							
Recreation Capital Improvement	3rd Street NE Parking Lot	9th Ave NW Reconstruction	RR Crossing Project	1st NW & Bremer Intersection	Housing Rehab	Kohlman Park/ Sidewalk	Public Works Facility
\$ 229,584	\$ -	\$ -	\$ -	\$ -	\$ 2,404	\$ -	\$ 1,178,363
-	-	-	-	-	-	-	-
-	-	-	-	-	318	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
787	-	-	-	-	-	-	1,541
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	11,414	-	-
230,371	-	-	-	-	14,136	-	1,179,904
-	36,972	-	-	18,486	5,929	-	-
-	-	-	-	-	-	-	-
-	107,331	2,597	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	144,303	2,597	-	18,486	5,929	-	-
-	-	-	-	-	-	-	-
230,371	(144,303)	(2,597)	-	(18,486)	8,207	-	1,179,904
230,371	(144,303)	(2,597)	-	(18,486)	8,207	-	1,179,904
\$ 230,371	\$ -	\$ -	\$ -	\$ -	\$ 14,136	\$ -	\$ 1,179,904

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2007

	Capital Projects			
	Dry Run	4th Ave SW	Green Bridge on 8th & 1st	Cent Oaks IIIA & III
Assets				
Cash and Pooled Investments	\$ 112,633	\$ 8,535	\$ -	\$ -
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Special Assessments	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governmental Agencies	-	60,266	-	-
Total Assets	<u>112,633</u>	<u>68,801</u>	<u>-</u>	<u>-</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	101	75,451	-	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	-	57
Deferred Revenue - Subsequent Year Taxes	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>101</u>	<u>75,451</u>	<u>-</u>	<u>57</u>
Fund Balances:				
Reserved for:				
Perpetual Care	-	-	-	-
Unreserved	112,532	(6,650)	-	(57)
Total Fund Balances	<u>112,532</u>	<u>(6,650)</u>	<u>-</u>	<u>(57)</u>
Total Liabilities and Equity	<u>\$ 112,633</u>	<u>\$ 68,801</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects						Permanent	Governmental
1st NW	Crestwood	16th Street	5th Ave	Oak Ridge	Industrial	Cemetery	Nonmajor
Parking Lot	Trail	Sidewalk	SW	Circle/ Tech Place	Tech Plaza	Perpetual Care Fund	Funds
\$ -	\$ -	\$ 48,847	\$ -	\$ -	\$ 97,842	\$ 206,627	\$ 2,160,949
-	-	-	-	-	-	250,000	900,000
-	-	-	-	-	-	-	13,377
-	-	-	-	-	-	-	706
-	-	-	-	-	-	-	175,110
-	-	-	-	-	-	-	10,361
-	-	-	-	-	-	-	72,512
-	-	-	-	-	-	-	103,669
-	-	-	-	-	-	-	257,403
-	-	48,847	-	-	97,842	456,627	3,694,087
-	-	-	45	-	-	-	153,105
-	-	-	-	-	-	-	16,514
221,468	510	-	935	1,484	-	-	349,167
-	-	-	-	-	-	-	175,110
-	-	-	-	-	-	-	63,448
221,468	510	-	980	1,484	-	-	757,344
-	-	-	-	-	-	456,627	456,627
(221,468)	(510)	48,847	(980)	(1,484)	97,842	-	2,480,116
(221,468)	(510)	48,847	(980)	(1,484)	97,842	456,627	2,936,743
\$ -	\$ -	\$ 48,847	\$ -	\$ -	\$ 97,842	\$ 456,627	\$ 3,694,087

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2007

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Revenue:			
Taxes	\$ -	\$ 708,172	\$ 164,518
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	774,820	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	38,248	-
Miscellaneous	5,345	-	-
Total Revenue	780,165	746,420	164,518
Expenditures:			
Public Works	699,922	10,548	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	-	11,551	-
Total Expenditures	699,922	22,099	-
Excess (deficiency) of revenues over expenditures	80,243	724,321	164,518
Other financing sources (uses):			
Transfers In	11,851	-	-
Transfers Out	(11,621)	(582,927)	(154,628)
Total other financing sources (uses)	230	(582,927)	(154,628)
Net Change in Fund Balance	80,473	141,394	9,890
Fund balances (deficits) -beginning of year	218,016	647,541	(18,776)
Fund balances (deficits) - end of year	\$ 298,489	\$ 788,935	\$ (8,886)

Special Revenue Funds			Capital Projects			
Trees Forever	Cable TV	Municipal Band	First St SW/ Trail	Capital Improvement Fund	E Bremer Ave Streetscape	Walmart Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	14,095	-
-	26,310	-	-	-	-	-
13,210	-	-	-	472,351	-	-
-	-	2,050	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,891	-	-
-	-	-	-	-	1,395	-
13,210	26,310	2,050	-	477,242	15,490	-
-	-	-	-	-	-	-
-	-	1,400	-	-	-	-
14,657	-	-	-	-	-	-
-	74,051	-	-	-	-	-
-	-	-	-	337,882	636	286
14,657	74,051	1,400	-	337,882	636	286
(1,447)	(47,741)	650	-	139,360	14,854	(286)
-	-	-	2,218	60,000	-	-
-	-	-	-	(315,972)	(71,540)	-
-	-	-	2,218	(255,972)	(71,540)	-
(1,447)	(47,741)	650	2,218	(116,612)	(56,686)	(286)
20,974	85,239	(276)	(2,218)	160,762	65,750	(4,907)
\$ 19,527	\$ 37,498	\$ 374	\$ -	\$ 44,150	\$ 9,064	\$ (5,193)

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2007

	Capital Projects		
	39th Street SE Reconstruction	1st Ave SE Parking Lot	12th Street NW Reconstruction
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	-	-	-
Expenditures:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	503	3,816	-
Total Expenditures	503	3,816	-
Excess (deficiency) of revenues over expenditures	(503)	(3,816)	-
Other financing sources (uses):			
Transfers In	463	4,825	9,403
Transfers Out	(11,763)	-	-
Total other financing sources (uses)	(11,300)	4,825	9,403
Net Change in Fund Balance	(11,803)	1,009	9,403
Fund balances (deficits) -beginning of year	11,803	(4,825)	9,403
Fund balances (deficits) - end of year	\$ -	\$ (3,816)	\$ 18,806

Capital Projects							
Recreation Capital Improvement	3rd Street NE Parking Lot	9th Ave NW Reconstruction	RR Crossing Project	1st NW & Bremer Intersection	Housing Rehab	Kohlman Park/ Sidewalk	Public Works Facility
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
80,000	-	150,000	-	-	159,280	-	-
-	-	-	-	-	1,908	-	-
-	-	-	-	-	-	-	-
8,261	-	-	-	-	-	-	49,518
-	-	-	8,651	-	-	-	-
88,261	-	150,000	8,651	-	161,188	-	49,518
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,455	144,274	164,351	25,723	106,104	136,711	-	6,215
22,455	144,274	164,351	25,723	106,104	136,711	-	6,215
65,806	(144,274)	(14,351)	(17,072)	(106,104)	24,477	-	43,303
4,916	-	130,217	-	53,627	-	-	100,000
-	-	-	(11,851)	-	-	(4,916)	-
4,916	-	130,217	(11,851)	53,627	-	(4,916)	100,000
70,722	(144,274)	115,866	(28,923)	(52,477)	24,477	(4,916)	143,303
159,649	(29)	(118,463)	28,923	33,991	(16,270)	4,916	1,036,601
\$ 230,371	\$ (144,303)	\$ (2,597)	\$ -	\$ (18,486)	\$ 8,207	\$ -	\$ 1,179,904

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2007

	Capital Projects			
	Dry Run	4th Ave SW	Green Bridge on 8th & 1st	Cent Oaks III A & III
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	60,266	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	125	-	-	-
Total Revenue	125	60,266	-	-
Expenditures:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
General Government	-	-	-	-
Capital Projects	12,771	91,009	117,075	57
Total Expenditures	12,771	91,009	117,075	57
Excess (deficiency) of revenues over expenditures	(12,646)	(30,743)	(117,075)	(57)
Other financing sources (uses):				
Transfers In	75,000	25,000	103,434	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	75,000	25,000	103,434	-
Net Change in Fund Balance	62,354	(5,743)	(13,641)	(57)
Fund balances (deficits) -beginning of year	50,178	(907)	13,641	-
Fund balances (deficits) - end of year	\$ 112,532	\$ (6,650)	\$ -	\$ (57)

Capital Projects						Permanent	Governmental
1st NW	Crestwood	16th Street	5th Ave	Oak Ridge	Industrial	Cemetery	Nonmajor
Parking Lot	Trail	Sidewalk	SW	Circle/ Tech Place	Tech Plaza	Perpetual Care Fund	Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,690
-	-	-	-	-	-	-	14,095
-	-	-	-	-	-	-	26,310
-	-	-	-	-	-	-	1,709,927
-	-	-	-	-	-	5,027	8,985
-	-	-	-	-	36,996	-	36,996
-	-	-	-	-	-	-	100,918
-	-	45	-	-	-	-	15,561
-	-	45	-	-	36,996	5,027	2,785,482
-	-	-	-	-	-	-	710,470
-	-	-	-	-	-	-	1,400
-	-	-	-	-	-	-	14,657
-	-	-	-	-	-	-	74,051
221,468	510	1,198	980	1,484	11,191	-	1,418,250
221,468	510	1,198	980	1,484	11,191	-	2,218,828
(221,468)	(510)	(1,153)	(980)	(1,484)	25,805	5,027	566,654
-	-	50,000	-	-	-	-	630,954
-	-	-	-	-	-	-	(1,165,218)
-	-	50,000	-	-	-	-	(534,264)
(221,468)	(510)	48,847	(980)	(1,484)	25,805	5,027	32,390
-	-	-	-	-	72,037	451,600	2,904,353
\$ (221,468)	\$ (510)	\$ 48,847	\$ (980)	\$ (1,484)	\$ 97,842	\$ 456,627	\$ 2,936,743

CITY OF WAVERLY, IOWA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>ELECTRIC UTILITY</u>				
<u>Assets</u>				
Cash in Bank	\$ 19,934	\$ 11,316	\$ -	\$ 31,250
Accounts Receivable	44,788	11,122,001	10,421,403	745,386
Other Receivable	-	33,290	-	33,290
Total Assets	64,722	11,166,607	10,421,403	809,926
<u>Liabilities</u>				
Due to Other Governments	64,722	11,131,127	10,424,403	771,446
Other Payables	-	35,480	-	35,480
Total Liabilities	\$ 64,722	\$ 11,166,607	\$ 10,424,403	\$ 806,926

CITY OF WAVERLY STATISTICAL SECTION

This part of the City of Waverly's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
Financial Trends	77 – 84
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	85 – 88
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89 – 97
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	98 – 99
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	99 – 104
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

City of Waverly, Iowa
Government-Wide Net Assets by Component²
Last Four Fiscal Years¹
(accrual basis of accounting)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
Invested in Capital Assets, net of related debt	\$ 15,223,416	\$ 13,769,685	\$ 13,874,528	\$ 18,880,181
Restricted	439,592	2,642,776	470,369	907,320
Unrestricted	3,575,388	4,288,547	7,671,614	5,696,327
Total Governmental Activities Net Assets	<u>\$ 19,238,396</u>	<u>\$ 20,701,008</u>	<u>\$ 22,016,511</u>	<u>\$ 25,483,828</u>
Business-type Activities				
Invested in Capital Assets, net of related debt	\$ 8,819,772	\$ 9,024,813	\$ 10,002,357	\$ 10,825,782
Restricted	-	689,551	493,943	294,728
Unrestricted	2,640,049	2,325,551	1,601,106	1,510,592
Total Business-type Activities Net Assets	<u>\$ 11,459,821</u>	<u>\$ 12,039,915</u>	<u>\$ 12,097,406</u>	<u>\$ 12,631,102</u>
Primary Government				
Invested in Capital Assets, net of related debt	\$ 24,043,188	\$ 22,794,498	\$ 23,876,885	\$ 29,705,963
Restricted	439,592	3,332,327	964,312	1,202,048
Unrestricted	6,215,437	6,614,098	9,272,720	7,206,919
Total Primary Government Activities Net Assets	<u>\$ 30,698,217</u>	<u>\$ 32,740,923</u>	<u>\$ 34,113,917</u>	<u>\$ 38,114,930</u>

Notes:

¹ The City implemented GASB Statement No. 34 in fiscal year 2004, therefore, four years of governmental-wide financial data is presented.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

City of Waverly, Iowa
Changes in Net Assets
Last Four Fiscal Years⁽¹⁾

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
General Government	\$ 717,406	\$ 653,628	\$ 337,530	\$ 636,525
Public Safety	1,457,558	2,375,953	1,702,173	1,594,179
Public Works	337,158	2,346,295	2,229,068	2,583,298
Health and Social Services	-	5,956	4,470	40,492
Community & Economic Development	145,857	100,224	260,829	323,131
Culture and Recreation	1,890,816	1,848,445	1,940,735	2,008,138
Debt Service	558,303	616,883	677,574	629,037
Capital Projects	772,802	-	124,404	-
Total Governmental Activities Expenses	\$ 5,879,900	\$ 7,947,384	\$ 7,276,783	\$ 7,814,800
Business-type Activities				
Water	\$ 934,857	\$ 1,009,669	\$ 935,603	\$ 992,197
Sewer	1,302,613	1,294,864	1,363,527	1,340,567
Solid waste	677,072	720,941	787,681	794,029
Total Business-type Activities Expenses	\$ 2,914,542	\$ 3,025,474	\$ 3,086,811	\$ 3,126,793
Total Primary Government Expenses	\$ 8,794,442	\$ 10,972,858	\$ 10,363,594	\$ 10,941,593
Program Revenues¹				
Governmental Activities:				
Charges for Services				
General Government	\$ 214,684	\$ 197,218	\$ 276,152	\$ 248,926
Public Safety	175,223	209,491	190,165	66,869
Public Works	215,740	241,750	57,233	94,986
Health and Social Services	-	-	-	-
Community & Economic Development	-	-	-	-
Culture and Recreation	618,652	640,162	646,625	668,242
Capital Projects	-	-	-	-
Operating Grants and Contributions	1,273,888	1,083,524	1,102,485	1,380,110
Capital Grants and Contributions	-	1,330,195	23,000	1,404,076
Total Governmental Activities Program Revenues	\$ 2,498,187	\$ 3,702,340	\$ 2,295,660	\$ 3,863,209
Business-type Activities:				
Charges for services:		2,924,792		
Water	915,628	940,144	928,360	1,065,811
Sewer	1,060,088	1,173,966	1,323,162	1,423,835
Solid waste	749,942	810,682	828,387	838,647
Capital Grants and Contributions	-	511,096	77,109	369,790
Total Business-Type Activities Program Revenues	\$ 2,725,658	\$ 3,435,888	\$ 3,157,018	\$ 3,698,083
Total Primary Government Program Revenues	\$ 5,223,845	\$ 7,138,228	\$ 5,452,678	\$ 7,561,292

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue ²				
Governmental Activities:	(3,381,713)	(4,245,044)	(4,981,123)	(3,951,591)
Business-type Activities	(188,884)	410,414	70,207	571,290
Total Primary Government Net Expense	<u>\$ (3,570,597)</u>	<u>\$ (3,834,630)</u>	<u>\$ (4,910,916)</u>	<u>\$ (3,380,301)</u>
General Revenues				
Governmental Activities:				
Property Taxes	\$ 3,805,482	\$ 4,042,220	\$ 4,334,791	\$ 4,955,605
Local Option Sales Tax	500,793	782,317	619,941	708,172
Hotel/Motel Taxes	58,176	140,467	143,631	144,854
Special Assessment	19,781	-	-	-
Interest	49,554	78,837	223,744	283,245
General Intergovernmental Revenues	280,986	496,854	635,103	169,440
Contributions	131,292	-	-	-
Gain (Loss) on Sale of Assets	32,749	(14,730)	-	910,094
Miscellaneous	120,097	81,691	156,570	53,029
Transfers	32,633	100,000	182,846	194,469
Total Governmental Activities	<u>\$ 5,031,543</u>	<u>\$ 5,707,656</u>	<u>\$ 6,296,626</u>	<u>\$ 7,418,908</u>
Business-type Activities:				
Investment Earnings	\$ 64,284	\$ 68,664	\$ 101,656	\$ 103,118
Contributions	51,000	-	-	-
Miscellaneous	47,332	78,070	68,474	53,757
Transfers	(32,633)	(100,000)	(182,846)	(194,469)
Total Business-type Activities	<u>\$ 129,983</u>	<u>\$ 46,734</u>	<u>\$ (12,716)</u>	<u>\$ (37,594)</u>
Total Primary Government	<u>\$ 5,161,526</u>	<u>\$ 5,754,390</u>	<u>\$ 6,283,910</u>	<u>\$ 7,381,314</u>
Change in Net Assets				
Governmental Activities	1,649,830	1,462,612	1,315,503	3,467,317
Business-type Activities	(58,901)	457,148	57,491	533,696
Total Primary Government	<u>\$ 1,590,929</u>	<u>\$ 1,919,760</u>	<u>\$ 1,372,994</u>	<u>\$ 4,001,013</u>

Notes:

¹ The City implemented GASB Statement No. 34 in fiscal year 2004 therefore, four years of government-wide financial data is presented.

² Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

City of Waverly, Iowa
Changes in Net Assets
Last Four Fiscal Years(1)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
General Government	\$ 717,406	\$ 653,628	\$ 337,530	\$ 636,525
Public Safety	1,457,558	2,375,953	1,702,173	1,594,179
Public Works	337,158	2,346,295	2,229,068	2,583,298
Health and Social Services	-	5,956	4,470	40,492
Community & Economic Development	145,857	100,224	260,829	323,131
Culture and Recreation	1,890,816	1,848,445	1,940,735	2,008,138
Debt Service	558,303	616,883	677,574	629,037
Capital Projects	772,802	-	124,404	-
Total Governmental Activities Expenses	\$ 5,879,900	\$ 7,947,384	\$ 7,276,783	\$ 7,814,800
Business-type Activities				
Water	\$ 934,857	\$ 1,009,669	\$ 935,603	\$ 992,197
Sewer	1,302,613	1,294,864	1,363,527	1,340,567
Solid waste	677,072	720,941	787,681	794,029
Total Business-type Activities Expenses	\$ 2,914,542	\$ 3,025,474	\$ 3,086,811	\$ 3,126,793
Total Primary Government Expenses	\$ 8,794,442	\$ 10,972,858	\$ 10,363,594	\$ 10,941,593
Program Revenues¹				
Governmental Activities:				
Charges for Services				
General Government	\$ 214,684	\$ 197,218	\$ 276,152	\$ 248,926
Public Safety	175,223	209,491	190,165	66,869
Public Works	215,740	241,750	57,233	94,986
Health and Social Services	-	-	-	-
Community & Economic Development	-	-	-	-
Culture and Recreation	618,652	640,162	646,625	668,242
Capital Projects	-	-	-	-
Operating Grants and Contributions	1,273,888	1,083,524	1,102,485	1,380,110
Capital Grants and Contributions	-	1,330,195	23,000	1,404,076
Total Governmental Activities Program Revenues	\$ 2,498,187	\$ 3,702,340	\$ 2,295,660	\$ 3,863,209
Business-type Activities:				
Charges for services:		2,924,792		
Water	915,628	940,144	928,360	1,065,811
Sewer	1,060,088	1,173,966	1,323,162	1,423,835
Solid waste	749,942	810,682	828,387	838,647
Capital Grants and Contributions	-	511,096	77,109	369,790
Total Business-Type Activities Program Revenues	\$ 2,725,658	\$ 3,435,888	\$ 3,157,018	\$ 3,698,083
Total Primary Government Program Revenues	\$ 5,223,845	\$ 7,138,228	\$ 5,452,678	\$ 7,561,292

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue ²				
Governmental Activities:	(3,381,713)	(4,245,044)	(4,981,123)	(3,951,591)
Business-type Activities	(188,884)	410,414	70,207	571,290
Total Primary Government Net Expense	<u>\$ (3,570,597)</u>	<u>\$ (3,834,630)</u>	<u>\$ (4,910,916)</u>	<u>\$ (3,380,301)</u>
General Revenues				
Governmental Activities:				
Property Taxes	\$ 3,805,482	\$ 4,042,220	\$ 4,334,791	\$ 4,955,605
Local Option Sales Tax	500,793	782,317	619,941	708,172
Hotel/Motel Taxes	58,176	140,467	143,631	144,854
Special Assessment	19,781	-	-	-
Interest	49,554	78,837	223,744	283,245
General Intergovernmental Revenues	280,986	496,854	635,103	169,440
Contributions	131,292	-	-	-
Gain (Loss) on Sale of Assets	32,749	(14,730)	-	910,094
Miscellaneous	120,097	81,691	156,570	53,029
Transfers	32,633	100,000	182,846	194,469
Total Governmental Activities	<u>\$ 5,031,543</u>	<u>\$ 5,707,656</u>	<u>\$ 6,296,626</u>	<u>\$ 7,418,908</u>
Business-type Activities:				
Investment Earnings	\$ 64,284	\$ 68,664	\$ 101,656	\$ 103,118
Contributions	51,000	-	-	-
Miscellaneous	47,332	78,070	68,474	53,757
Transfers	(32,633)	(100,000)	(182,846)	(194,469)
Total Business-type Activities	<u>\$ 129,983</u>	<u>\$ 46,734</u>	<u>\$ (12,716)</u>	<u>\$ (37,594)</u>
Total Primary Government	<u>\$ 5,161,526</u>	<u>\$ 5,754,390</u>	<u>\$ 6,283,910</u>	<u>\$ 7,381,314</u>
Change in Net Assets				
Governmental Activities	1,649,830	1,462,612	1,315,503	3,467,317
Business-type Activities	(58,901)	457,148	57,491	533,696
Total Primary Government	<u>\$ 1,590,929</u>	<u>\$ 1,919,760</u>	<u>\$ 1,372,994</u>	<u>\$ 4,001,013</u>

Notes:

¹ The City implemented GASB Statement No. 34 in fiscal year 2004 therefore, four years of government-wide financial data is presented.

² Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

**City of Waverly, Iowa
Tax Revenues By Source
Last Ten Fiscal Years
(cash basis of accounting)**

Fiscal Year	General Property Tax	Local Option Sales Tax¹	Bank Franchise Tax²	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax¹	Total Taxes
1998	2,447,486	-	29,114	557,803	21,724	-	\$ 3,056,127
1999	2,557,808	-	40,483	605,264	22,142	-	3,225,697
2000	2,660,291	-	39,428	556,802	29,668	-	3,286,189
2001	2,819,551	-	23,279	508,446	34,068	-	3,385,344
2002	2,951,815	-	38,305	463,321	35,742	-	3,489,183
2003	3,105,328	-	41,078	485,238	40,292	-	3,671,936
2004	3,243,081	455,716	47,092	562,401	45,714	58,176	4,412,180
2005	3,405,718	762,930	14,351	637,467	48,750	131,802	5,001,018
2006	3,623,336	613,218	-	688,065	48,070	146,890	5,119,579
2007	3,962,657	708,172	-	992,950	52,620	144,852	5,861,251
Percentage Change In Dollars Over 10 Years	61.91%	55.40%	-100.00%	78.01%	142.22%	148.99%	91.79%

Notes:

¹ Local Option tax started in July of 2003. Hotel-Motel tax started in January 2004.

² Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

City of Waverly, Iowa
Fund Balances of Governments Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund					
Reserved	\$ 94,102	\$ 73,635	\$ 82,009	\$ 87,889	\$ 117,216
Unreserved	1,018,665	1,387,912	1,746,171	1,423,146	1,307,610
Total General Fund	<u>\$ 1,112,767</u>	<u>\$ 1,461,547</u>	<u>\$ 1,828,180</u>	<u>\$ 1,511,035</u>	<u>\$ 1,424,826</u>
All Other Governmental Funds					
Reserved	\$ 148,128	\$ 165,206	\$ 85,910	\$ 71,770	\$ 50,051
Unreserved, reported in:					
Special Revenue Funds	640,032	753,773	990,870	661,255	578,201
Capital Projects Funds	638,724	800,104	1,365,480	1,727,904	1,686,968
Total All Other Governmental Funds ¹	<u>\$ 1,426,884</u>	<u>\$ 1,719,083</u>	<u>\$ 2,442,260</u>	<u>\$ 2,460,929</u>	<u>\$ 2,315,220</u>
Total Governmental Funds					
Reserved	\$ 242,230	\$ 238,841	\$ 167,919	\$ 159,659	\$ 167,267
Unreserved, reported in:					
General Fund	1,018,665	1,387,912	1,746,171	1,423,146	1,307,610
Special Revenue Funds	640,032	753,773	990,870	661,255	578,201
Capital Projects Funds	638,724	800,104	1,365,480	1,727,904	1,686,968
Total Governmental Funds	<u>\$ 2,539,651</u>	<u>\$ 3,180,630</u>	<u>\$ 4,270,440</u>	<u>\$ 3,971,964</u>	<u>\$ 3,740,046</u>

Notes:

The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another
¹ fiscal year.

Fiscal Year				
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 33,165	\$ 48,370	\$ 47,265	\$ 56,105	\$ 65,635
1,347,586	1,314,653	1,453,064	1,377,426	2,688,512
<u>\$ 1,380,751</u>	<u>\$ 1,363,023</u>	<u>\$ 1,500,329</u>	<u>\$ 1,433,531</u>	<u>\$ 2,754,147</u>
\$ 5,406	\$ 452,714	\$ 2,642,776	\$ 470,369	\$ 511,995
488,445	239,392	848,604	1,287,143	1,604,900
1,461,858	1,760,337	1,780,788	4,674,246	1,898,051
<u>\$ 1,955,709</u>	<u>\$ 2,452,443</u>	<u>\$ 5,272,168</u>	<u>\$ 6,431,758</u>	<u>\$ 4,014,946</u>
\$ 38,571	\$ 501,084	\$ 2,690,041	\$ 526,474	\$ 577,630
1,347,586	1,314,653	1,453,064	1,377,426	2,688,512
488,445	239,392	848,604	1,287,143	1,604,900
1,461,858	1,760,337	1,780,788	4,674,246	1,898,051
<u>\$ 3,336,460</u>	<u>\$ 3,815,466</u>	<u>\$ 6,772,497</u>	<u>\$ 7,865,289</u>	<u>\$ 6,769,093</u>

City of Waverly, Iowa
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues				
Taxes	\$ 3,020,800	\$ 3,163,072	\$ 3,217,093	\$ 3,328,017
Licenses and Permits	80,413	94,573	130,149	108,410
Intergovernmental	1,133,776	1,591,233	2,527,369	1,795,639
Charges for Services	477,881	653,997	632,649	606,146
Fines and Forfeits	-	-	-	-
Investment Earnings	221,481	170,879	164,835	278,247
Rental Income	-	-	-	-
Special Assessments	-	-	-	-
Contributions	-	-	-	-
Proceeds from the Sale of Real Estate & Equipment	-	-	-	-
Refunds	-	-	-	-
Miscellaneous	924,252	481,675	485,269	400,919
Total Revenues	<u>\$ 5,858,603</u>	<u>\$ 6,155,429</u>	<u>\$ 7,157,364</u>	<u>\$ 6,517,378</u>
Expenditures¹				
Public Safety	-	-	-	-
Community Protection	920,090	1,025,280	1,013,337	1,224,628
Public Works	-	-	-	-
Health and Social Services	-	-	-	-
Culture and Recreation	-	-	-	-
Human Development	1,013,461	1,181,490	1,399,114	1,443,020
Community and Economic Development	-	-	-	-
Home and Community Development	1,164,964	1,149,602	2,249,928	1,583,322
General Government	-	-	-	-
Policy and Administration	422,585	544,342	522,861	528,207
Debt Service				
Principal	1,104,219	1,696,600	695,000	1,130,000
Interest	332,577	407,047	214,877	361,152
Capital Projects	3,948,715	1,667,312	2,027,552	4,262,075
Total Expenditures	<u>\$ 8,906,611</u>	<u>\$ 7,671,673</u>	<u>\$ 8,122,669</u>	<u>\$ 10,532,404</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(3,048,008)	(1,516,244)	(965,305)	(4,015,026)
Other Financing Sources (Uses)				
Proceeds from Issuance of Bonds and Notes	1,206,750	513,000	2,456,644	3,119,650
Transfers In	902,308	1,512,659	715,653	2,971,114
Transfers Out	(879,367)	(1,296,202)	(1,156,615)	(2,451,114)
Sale of Fixed Assets	379	17,911	36,789	7,110
Total Other Financing Sources (Uses)	<u>\$ 1,230,070</u>	<u>\$ 747,368</u>	<u>\$ 2,052,471</u>	<u>\$ 3,646,760</u>
Net change in fund balances	<u>\$ (1,817,938)</u>	<u>\$ (768,876)</u>	<u>\$ 1,087,166</u>	<u>\$ (368,266)</u>
Debt service as a percentage of non-capital expenditures ²	28.98%	35.04%	14.93%	23.78%

Notes:

¹ The State of Iowa program levels changed in 1997 and in 2003.

² The non-capital expenditures for years 1997-2003 is not readily available.

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 3,415,136	\$ 3,590,566	\$ 4,364,451	\$ 4,965,004	\$ 5,098,363	\$ 5,808,631
173,340	124,133	181,939	132,251	20,461	104,771
2,445,506	2,036,841	1,554,873	1,653,304	1,862,099	2,289,765
638,450	741,935	998,372	804,429	816,965	826,422
-	-	43,989	46,214	48,530	43,692
159,424	85,070	48,082	78,837	223,744	281,232
-	-	-	50,450	48,460	86,141
-	-	19,781	53,956	29,557	14,824
-	1,679	131,292	32,699	52,076	19,943
-	-	62,724	4,000	9,690	-
-	-	-	-	424,806	-
393,088	481,661	124,136	81,691	155,922	60,087
<u>\$ 7,224,944</u>	<u>\$ 7,061,885</u>	<u>\$ 7,529,639</u>	<u>\$ 7,902,835</u>	<u>\$ 8,790,673</u>	<u>\$ 9,535,508</u>
-	1,275,046	1,436,963	2,142,727	1,806,846	1,505,718
1,304,717	-	-	-	-	-
-	939,123	1,061,314	1,106,425	1,150,898	1,120,069
-	-	-	5,956	4,470	40,492
-	1,702,179	1,894,714	1,749,569	1,870,055	2,092,858
1,483,736	-	-	-	-	---
-	112,626	145,857	100,224	683,676	211,505
1,636,001	-	-	-	-	---
-	650,401	584,231	587,689	681,145	708,594
566,585	-	-	-	-	---
1,219,228	1,678,632	1,081,664	1,086,164	3,264,741	1,465,223
318,522	707,969	615,031	549,564	626,454	608,512
5,411,214	1,391,725	772,802	1,240,044	1,787,442	4,116,093
<u>\$ 11,940,003</u>	<u>\$ 8,457,701</u>	<u>\$ 7,592,576</u>	<u>\$ 8,568,362</u>	<u>\$ 11,875,727</u>	<u>\$ 11,869,064</u>
(4,715,059)	(1,395,816)	(62,937)	(665,527)	(3,085,054) #	(2,333,556)
4,339,154	693,336	81,610	3,522,558	4,040,000	124,983
1,530,721	1,482,771	1,621,927	1,601,076	1,829,403	2,439,569
(1,387,292)	(1,356,247)	(1,589,294)	(1,501,076)	(1,691,557)	(2,245,100)
-	171,501	-	-	-	917,908
<u>\$ 4,482,583</u>	<u>\$ 991,361</u>	<u>\$ 114,243</u>	<u>\$ 3,622,558</u>	<u>\$ 4,177,846</u>	<u>\$ 1,237,360</u>
<u>\$ (232,476)</u>	<u>\$ (404,455)</u>	<u>\$ 51,306</u>	<u>\$ 2,957,031</u>	<u>\$ 1,092,792</u>	<u>\$ (1,096,196)</u>
23.55%	33.78%	24.88%	22.32%	38.57% #	26.75%

City of Waverly, Iowa
Assessed and Taxable Value of Taxable Property ¹
Last Ten Fiscal Years

Fiscal Year	Real Property		Utilities ³		Total		Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value ²	Assessed Value	Taxable Value	Assessed Value	Taxable Value	
1998	270,986,054	189,673,929	6,085,140	6,085,143	277,071,194	195,759,072	70.65%
1999	309,383,122	202,638,719	6,219,739	7,065,320	315,602,861	209,704,039	66.45%
2000	315,372,490	213,352,556	6,015,930	6,015,930	321,388,420	219,368,486	68.26%
2001	342,645,740	224,675,982	5,824,544	5,822,822	348,470,284	230,498,804	66.15%
2002	337,725,070	226,919,161	5,793,703	5,793,703	343,518,773	232,712,864	67.74%
2003	370,510,662	230,667,689	6,131,301	6,127,965	376,641,963	236,795,654	62.87%
2004	373,740,464	231,242,928	6,391,538	6,391,538	380,132,002	237,634,466	62.51%
2005	387,241,882	228,587,942	5,739,643	6,122,573	392,981,525	234,710,515	59.73%
2006	400,227,354	234,339,310	5,813,677	5,898,577	406,041,031	240,237,887	59.17%
2007	463,670,117	256,420,559	6,391,451	6,095,819	470,061,568	262,516,378	55.85%

Source: Bremer County, Iowa; County Auditor

Notes:

¹ Taxable Value does not include the Tax Increment Levy

² Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)

³ Utilities includes Railroads, Utilities, and Gas & Electric

City of Waverly, Iowa
Property Tax Rates- Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years
Tax Rates

Fiscal Year	City of Waverly				Overlapping Rates				
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	Total Direct and Overlapping
1998	\$ 8.487	\$ 0.868	\$ 2.764	\$ 12.119	\$ 13.333	\$ 5.246	\$ 0.685	\$ 19.264	\$ 31.383
1999	8.765	0.524	2.536	11.825	13.129	5.275	0.696	19.100	30.925
2000	8.730	0.712	2.325	11.767	12.334	4.481	0.715	17.530	29.297
2001	8.741	0.774	2.536	12.051	12.286	4.645	0.694	17.625	29.676
2002	8.733	0.973	2.766	12.472	12.002	4.430	0.699	17.131	29.603
2003	8.804	1.126	3.039	12.969	12.370	4.453	0.784	17.608	30.577
2004	8.814	1.353	3.305	13.472	12.259	4.954	0.746	17.959	31.431
2005	8.793	2.234	3.278	14.305	12.101	6.318	0.995	19.415	33.720
2006	8.837	2.814	3.201	14.852	12.020	6.668	1.067	19.755	34.607
2007	\$ 8.850	\$ 2.835	\$ 3.014	\$ 14.699	\$ 12.371	\$ 6.337	\$ 1.040	\$ 19.748	\$ 34.447

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2007

<u>Taxpayer</u>	<u>2007</u>			<u>1999¹</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
CUNA Mutual Life Insurance	\$ 10,490,490	1	2.08%	\$ 12,074,000	2	3.61%
Nestle' USA	7,170,360	2	1.42%	16,913,495	1	5.05%
Birdworks LLC	6,788,040	3	1.35%	---		-
First National Bank	4,311,150	4	0.86%	2,025,642	6	0.60%
Terex Cranes, Inc. - Waverly	3,658,890	5	0.73%	6,106,060	3	1.82%
GMT Corporation	3,317,740	6	0.66%	2,085,402	5	0.62%
MDMPartnership	3,278,640	7	0.65%	1,814,390	10	0.54%
State Bank & Trust Co.	3,205,100	8	0.64%	-		-
Wartburg College	2,953,190	9	0.59%	-		-
Wal-Mart	2,535,160	10	0.50%	-		-
Village Square Plaza	-	-	-	2,246,560	4	0.67%
US West Communications	-	-	-	1,999,876	7	0.59%
Wav/Kaz Inc.	-	-	-	1,991,640	8	0.59%
Waverly Partners, L.P.	-	-	-	1,924,350	9	0.57%
Total Principal Taxpayers	47,708,760		9.47%	49,181,415		14.66%
All Other Taxpayers	<u>456,178,855</u>		<u>90.53%</u>	<u>285,426,934</u>		<u>85.34%</u>
Total Assessed Valuation	<u>\$ 503,887,615</u>		<u>100.00%</u>	<u>\$ 334,608,349</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

Note:

¹ This information was only available since 1999.

City of Waverly, Iowa
Property Tax Levies and Collections ¹
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ²</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$ 2,407,911	\$ 2,447,486	101.64%
1999	2,501,244	2,557,808	102.26%
2000	2,596,924	2,660,291	102.44%
2001	2,749,411	2,819,551	102.55%
2002	2,872,431	2,951,815	102.76%
2003	3,048,979	3,105,328	101.85%
2004	3,236,314	3,243,081	100.21%
2005	3,400,347	3,405,718	100.16%
2006	3,612,645	3,623,336	100.30%
2007	\$ 3,903,182	\$ 4,107,509	105.23%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

² Collected totals for each fiscal year include delinquent and current property taxes.

City of Waverly, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Special Assessment Loan Notes	Total Primary Government	Per Capita ¹
	General Obligation Bonds	Capital Leases	Notes Payable	General Obligation Bonds	Revenue Bonds			
1998	\$ 6,799,153	\$110,441	\$1,975,120	\$1,475,847	\$ 970,000	\$ -	\$11,330,561	\$ 1,263
1999	7,238,379	59,312	145,198	1,556,621	1,975,000	580,000	11,554,510	1,288
2000	8,733,672	-	84,318	1,891,328	2,315,000	525,000	13,549,318	1,511
2001	10,768,965	-	155,140	1,766,035	2,130,000	465,000	15,285,140	1,704
2002	14,037,365	-	429,162	1,657,635	3,650,000	410,000	20,184,162	2,251
2003	13,069,612	-	333,395	1,505,388	3,365,000	-	18,273,395	2,038
2004	12,004,612	-	252,350	1,375,388	3,035,000	-	16,667,350	1,859
2005	14,494,612	-	257,744	1,705,388	2,700,000	-	19,157,744	2,136
2006	15,309,612	-	218,003	1,105,388	2,340,000	-	18,973,003	2,116
2007	\$13,894,612	\$ -	\$ 292,763	\$ 950,388	\$1,975,000	\$ -	17,112,763	\$ 1,908

Notes:

¹ Population data used was the actual census from the year 2000 of 8,968.

City of Waverly
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual ¹ Taxable Value of Property	Per Capita ²
1998	\$ 8,275,000	\$ 110,499	\$ 8,164,501	4.17%	\$ 956
1999	8,795,000	159,398	8,635,602	4.12%	1,011
2000	10,625,000	85,910	10,539,090	4.80%	1,175
2001	12,535,000	71,770	12,463,230	5.41%	1,390
2002	15,695,000	50,051	15,644,949	6.72%	1,745
2003	14,575,000	5,406	14,569,594	6.15%	1,625
2004	13,380,000	13,122	13,366,878	5.62%	1,491
2005	16,200,000	2,197,444	14,002,556	5.97%	1,561
2006	16,415,000	18,769	16,396,231	6.82%	1,828
2007	\$14,845,000	\$ 55,368	\$ 14,789,632	5.63%	\$ 1,649

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Table of Assessed Values and Taxable Value of Taxable Property for property value data.

² Population data used was the actual census from the year 2000 of 8,968.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2007

Name of Governmental Unit	Debt Outstanding	Percentage⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 14,187,135	100%	\$ 14,187,135
Overlapping:			
Bremer County ¹	5,660,000	18%	1,018,800
Waverly-Shell Rock School District ²	<u>4,615,000</u>	44%	<u>2,030,600</u>
Total	<u>\$ 24,462,135</u>		<u>\$ 17,236,535</u>

Sources:

¹ County Auditor, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

³ Excluding General Obligation bonds reported in the Enterprise Funds.

⁴ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

**City of Waverly
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt Limit	\$ 14,738,937	\$ 16,730,417	\$ 17,009,673	\$ 18,345,184
Total Net Debt Applicable to Limit	<u>8,164,501</u>	<u>8,525,310</u>	<u>10,623,408</u>	<u>12,667,697</u>
Legal Debt Margin	\$ 6,574,436	\$ 8,205,107	\$ 6,386,265	\$ 31,012,881
Total Net Debt Applicable to the Limit as a percentage of debt limit	55.39%	50.96%	62.46%	69.05%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value		
Real and Personal Property Within the City		\$ 503,887,615
TOTAL ESTIMATED VALUATION		<u>503,887,615</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION		25,194,381
Amount of Debt Applicable to Limit		
Total Debt and Long-Term Notes Payable		17,112,763
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,640,000	
Water Revenue Bonds	<u>335,000</u>	
		1,975,000
Amount Available for Repayment of General Obligation Debt		<u>55,368</u>
Debt Applicable to Debt Limit		<u>15,082,395</u>
Legal Debt Margin		<u>\$ 10,111,986</u>

Notes: Under Title IX, Subtitle 2, Chapter 358C, paragraph 16 of the Iowa State Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within that district.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 19,640,231	\$ 19,758,691	\$ 20,047,576	\$ 20,751,823	\$ 21,449,800	\$ 25,194,381
<u>15,793,339</u>	<u>14,638,096</u>	<u>13,366,878</u>	<u>16,200,000</u>	<u>16,832,236</u>	<u>15,082,395</u>
\$ 3,846,892	\$ 5,120,595	\$ 6,680,698	\$ 4,551,823	\$ 4,617,564	\$ 10,111,986
80.41%	74.08%	66.68%	78.07%	78.47%	59.86%

City of Waverly, Iowa
Water Revenue Bond Coverage
Last Ten Fiscal Years¹

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal	Payments For Interest
1998	\$ 741,329	\$ 638,610	\$ 133,655	\$ 102,719	\$ 127,893	\$ 98,144
1999	665,162	594,675	134,495	70,487	141,800	116,210
2000	742,102	678,265	160,922	63,837	196,800	117,217
2001	732,462	711,199	204,559	21,263	190,800	100,058
2002	693,298	699,280	181,974	(5,982)	193,800	110,925
2003	802,011	816,543	222,506	(14,532)	245,000	118,007
2004	915,628	844,817	226,489	70,811	220,000	90,040
2005	940,144	918,528	225,896	21,616	225,000	91,141
2006	928,360	839,001	234,258	89,359	245,000	96,602
2007	\$ 1,065,811	\$ 939,067	\$ 254,098	\$ 126,744	\$ 255,000	\$ 53,130

Notes

¹ GAAP Basis

		Net Revenue Available		
Total Debt Service Payments		For Debt Service Plus Depreciation		Coverage Without Depreciation
	Coverage			
\$ 226,037	0.45	\$ 236,374		1.05
258,010	0.27	204,982		0.79
314,017	0.20	224,759		0.72
290,858	0.07	225,822		0.78
304,725	(0.02)	175,992		0.58
363,007	(0.04)	207,974		0.57
310,040	0.23	297,300		0.96
316,141	0.07	247,512		0.78
341,602	0.26	323,617		0.95
\$ 308,130	0.41	\$ 380,842		1.24

City of Waverly, Iowa
Sewer Revenue Bond Coverage
Last Ten Fiscal Years¹

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
1998	\$ 758,675	\$ 753,957	\$ 216,489	\$ 4,718	\$ 106,050	\$ 97,391
1999	703,969	762,970	207,176	(59,001)	141,600	95,401
2000	808,213	925,142	311,117	(116,929)	134,600	104,492
2001	834,254	948,780	364,038	(114,526)	157,600	108,043
2002	873,799	1,012,818	356,616	(139,019)	164,600	106,146
2003	981,281	1,080,629	373,630	(99,348)	221,500	136,717
2004	1,060,088	1,185,001	377,805	(124,913)	240,000	117,612
2005	1,173,966	1,178,154	417,531	(4,188)	245,000	116,710
2006	1,323,162	1,255,668	421,538	67,494	255,000	107,859
2007	\$ 1,423,835	\$ 1,249,868	\$ 442,856	\$ 173,967	\$ 265,000	\$ 90,699

Notes

¹ GAAP Basis

Total Debt Service Payments		Coverage	Net Revenue Available For Debt Service Plus Depreciation		Coverage Without Depreciation
\$	203,441	0.02	\$	221,207	1.09
	237,001	(0.25)		148,175	0.63
	239,092	(0.49)		194,188	0.81
	265,643	(0.43)		249,512	0.94
	270,746	(0.51)		217,597	0.80
	358,217	(0.28)		274,282	0.77
	357,612	(0.35)		252,892	0.71
	361,710	(0.01)		413,343	1.14
	362,859	0.19		489,032	1.35
\$	355,699	0.49	\$	616,823	1.73

City of Waverly, Iowa
Demographic and Economic Statistics ¹
Selected Years

Fiscal Year	Population	Total Personal Income²	Per Capita Personal Income	Median Age	Educational Attainment Bachelor's Degree or Higher	School Enrollment	Unemployment Rate
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	236,844,880	26,410	34.1	1,618	1,944	2.40%
2007	9,347 (3)	288,551,237	\$30,871 (4)	N/A	N/A	1,855 (5)	3.7% (6)

Sources: U.S. Census Bureau

Notes:

1. Accurate statistical figures are only available every ten years.
 2. Computation of per capita personal income multiplied by population.
 3. 2007 estimate Bureau of Census
 4. Estimate from 2006 Bremer County.
 5. WSR school enrollment for 06-07.
 6. Iowa work force: Unemployment as of June 2007 Bremer County.
- N/A - Not Available

**City of Waverly, Iowa
Principal Employers
Current Year ¹**

Employer	2007		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	542	1	13.25%
Wartburg College	320	2	7.82%
Terex Cranes, Inc. - Waverly Divis	273	3	6.67%
Nestle USA, Beverage Division	255	4	6.23%
Waverly Shell Rock Schools	235	5	5.74%
GMT Corporation	209	6	5.11%
Waverly Health Center	158	6	3.86%
Lutheran Services in Towa, Inc	150	7	3.67%
Lutheran Services in Towa, Inc	200	8	4.89%
TDS Automation Inc.	145	9	3.54%
Bremer County	131	10	3.20%
Total Employees of Principal Emp	2,618		63.99%
Other Employees	1,473		36.01%
Total Employees	4,091		100.00%

Source: Waverly Area Development Group

Notes:

¹ Comparative data from nine years ago not currently available.

City of Waverly, Iowa
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	9	9	9.5	9.5	9.5	10	10	11	10.5	11
Library	7	8.5	9	9.5	9.5	10	9.5	9.5	9.5	10
Public Safety										
Police										
Officers	14	14	15	15	15	15	15	15	15	15.5
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	0.5	0.5	0.5	0.5	1	1	1	1	1	1
Volunteers	36	36	36	36	36	36	36	36	36	36
Highways and Streets										
Engineering	4	4.5	4.5	5	5	5	5	5	5	6
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7.5	7	7	7	7	7	7	7	7	7
Building Inspection ¹	1.5	1	1	2	2	2	2	2	1	0
Sanitation ²	6	6	7.5	7.5	8	8.5	8.5	8.5	8.5	8.5
Culture and Recreation ²	21	19	20	21	20.5	23.5	24.5	23	24	23
Water	3.5	3.5	3.5	4	3.5	3.5	3.5	3.5	3.5	3.5
Sewer	6	6	6	6	6	6	6	6	6	6
	<u>119</u>	<u>118</u>	<u>122.5</u>	<u>126</u>	<u>126</u>	<u>130.5</u>	<u>131</u>	<u>130.5</u>	<u>130</u>	<u>130.5</u>

Source: City of Waverly Accounting Department

Notes:

¹ In 2005 the building inspection responsibilities was moved to Bremer County.

² Fluctuations in these functions were due to the number of part-time seasonal personnel.

City of Waverly, Iowa
Operating Indicators by Function
Last Ten Fiscal Years ¹

Function	Fiscal Year			
	1998	1999	2000	2001
Police				
Physical Arrests	n/a	n/a	342	286
Parking Violations	n/a	n/a	1148	1103
Traffic Violations	n/a	n/a	547	721
Fire				
Number of Calls Answered	79	115	78	88
Highways and Streets				
Street Maintenance (Blocks)	185	130	115	133
Street Reconstruction (Blocks)	2.5	4	-	-
Building Permits				
Number	390	354	416	368
Value	\$ 13,668,623	\$ 11,944,860	\$ 33,545,862	\$ 14,143,415
Permit Fees	\$ 62,053	\$ 51,031	\$ 79,855	\$ 65,612
Sanitation				
Solid Waste Collected (tons)	3,723	4,078	3,758	3,624
Recyclables Collected (pounds)	1,806,664	1,981,680	2,156,765	1,942,798
Water				
Water Pumped (in thousands of gallons)	419,365	479,349	390,976	371,024
Water Billed (in thousands of gallons)	352,249	367,762	327,592	259,232
Percent Accountable	84%	77%	84%	70%

Source: Annual reports from each department.

Notes:

¹ Indicators are not available in all areas for all ten years.

Fiscal Year					
2002	2003	2004	2005	2006	2007
315	375	385	458	488	555
892	846	777	1006	911	840
827	917	934	935	1087	1021
103	102	103	118	100	131
64	94	133	120	110	100
22.6	10.6	9.7	4.8	15.1	2.85
383	336	375	355	362	404
\$ 14,867,213	\$ 41,115,598	\$ 35,655,597	\$ 32,289,223	\$ 19,223,833	\$ 55,475,429
\$ 69,099	\$ 113,815	\$ 122,646	\$ 115,576	\$ 78,111	\$ 147,000
3,793	3,814	4,129	4,028	3,985	4,143
1,828,084	1,812,570	1,819,223	1,885,863	1,812,279	1,836,893
364,192	408,101	389,947	336,927	320,782	333,907
263,336	282,336	290,155	262	267,137	271,203
72%	69%	74%	78%	83%	81%

City of Waverly, Iowa
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	1997	1998	1999	2000
Police:				
Stations	1	1	1	1
Patrol Units	6	6	4	4
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	3	3	3	3
Recycling Trucks				
Highways and Streets				
Streets City Maintained (miles)	58	60	61	61
Culture and Recreation				
Parks Acreage	n/a	n/a	93	93
Parks	n/a	n/a	21	21
Miles of Recreational Trails	0	0	7	7
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers			1	
Airports	1	1	1	1
Golf Courses	2	2	2	2
Boat Dock and Ramp	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemeteries (acres)	40	40	40	40
Water				
Water Mains (miles)	n/a	n/a	60	60
Number of Service Connections	n/a	n/a	3,006	3,422
Daily Ave. Consumption in Gallons	1,123,000	992,104	1,196,373	1,049,333
Fire Hydrants	N/A	N/A	650	650
Maximum Daily Capacity (thousands of gallons)	4,000,000	4,000,000	7,000,000	7,000,000
	N/A	N/A		
Sewer				
Sanitary Sewers (miles)	n/a	n/a	60	60
Number of Treatment Plants	1	1	1	1
Number of Service Connections	n/a	n/a	2,904	3,427
Daily Ave. Treatments in Gallons	872,370	1,140,422	1,204,809	1,105,025
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Source: Annual reports from each department.

Fiscal Year						
2001	2002	2003	2004	2005	2006	2007
1	1	1	1	1	1	1
4	4	4	4	4	4	8
1	1	1	1	1	1	1
3	3	3	3	3	3	3
	1	1	1	1	1	1
62	62	63	64	65	67	67
93	93	100	110	115	120	120
21	21	21	22	23	24	24
7	7	7	10	10	10	10
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
47	47	47	47	47	47	47
60	60	60	64	64	66	66
3,427	3,427	3,422	3,214	3,323	3,353	3,447
948,000	1,059,000	1,107,583	1,071,000	923,088	881,000	914,814
650	650	650	587	587	634	640
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
60	60	60	62	62	62	62
1	1	1	1	1	1	1
3,427	3,427	3,427	3,427	3,160	3,160	3,397
1,185,288	895,562	906,767	975,871	1,040,274	1,027,151	1,029,500
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 24, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards, and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of Waverly Municipal Hospital or Waverly Light and Power (discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements, insofar as it relates to the amounts included for the discretely presented component units was based solely on the reports of other auditors.

Compliance:

As part of obtaining reasonable assurance about whether the City of Waverly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City of Waverly, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waverly, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency and material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Waverly, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City of Waverly, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Waverly, Iowa's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item II-A-07 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Waverly, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

The City of Waverly, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Waverly, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit. If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

William & Company, P.C.
Certified Public Accountants

December 24, 2007
Le Mars, Iowa

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, and is considered to be a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Significant Deficiencies:

II-A-07 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted

Part III: Other Findings Related to Required Statutory Reporting

III-A-07 - Certified Budget – Expenditures for the year ended June 30, 2007 exceeded amounts budgeted in the Health and Social Services, Community and Economic Development, and Business Type Activities functions.

Recommendation – The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response – Future budgets will be amended before expenditures are made as appropriate.

Conclusion – Response accepted.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-B-07 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-C-07 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-07 - Business Transactions - Business transactions between the City and employees are detailed as follows:

<u>Name, Title</u>	<u>Transaction/Description</u>	<u>Amount</u>
Craig Mehmen, Cemetery Supervisor	Down Payment - Building	\$1,000

These transactions does not appear to represent a conflict of interest since the total transaction was less than \$1,000 during the year.

III-E-07 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

III-F-07 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-G-07 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-H-07 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.